AFRICA RECOVERY

United Nations Department of Public Information Vol. 16 No. 2-3 September 2002

World Bank

Africa still waiting for genuine 'partnership'

Also inside

Bringing Africa together

After decades of limited progress in building closer economic and political ties among African countries, there is now a renewed impetus for regional integration, to help spur the continent's development and improve the lives of its people.

pages 10-24

UN / Eskinder Debebe

G-8 leaders with African presidents.

By Ernest Harsch

The main donor countries have declared Africa's new development programme "a bold and clear-sighted vision." They have pledged to provide greater support to the continent — from aid and debt relief to trade and investment — so that the New Partnership for Africa's Development (NEPAD) can have a better chance of success than previous efforts. But as promise after promise seems to fade under closer scrutiny, Africans are still wondering what tangible support they will ultimately receive.

Months afterwards, the late-June summit meeting of the Group of Eight (G-8) industrialized countries no longer looks like the breakthrough for NEPAD that African leaders had anticipated. When they adopted NEPAD last year, they affirmed strongly that the main responsibility for Africa's

turn to page 26

AFRICA RECOVERY

United Nations
Vol. 16 No. 2-3 September 2002

contents

Cover story

Africa still waiting for genuine 'partnership'

page 1

UNICEF Somalia programme

Also in this issue

Millions threatened with starvation 3

Botswana's high-stakes assault on AIDS 4

A grim prognosis for AIDS in Africa 7

Poverty is worsening in African LDCs 9

Viewpoint: How Northern subsidies hurt Africa 29

UN-NADAF: A 'disappointing' decade for Africa 30

ECA: African economies show an upturn 32

Special feature:

Regional Integration: bringing Africa together

Making African integration a reality 10

A better environment for integration? 12

Uneven progress among African regions 14

Africa's multiple regional economic groups 15

Interviews with:

Adebayo Adedeji . . 16 *Hassan Sunmonu* . . 18

Cyril Enweze . . . . . 18 *Fantu Cheru* 19

How to boost trade within Africa 20

Building an efficient road network 23

UN / Eskinder Debebe

The African Union is launched 25

Departments

Agenda ..... 34 *Briefs* 35

Books ..... 34 *Watch* 36

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Africa Recovery is printed on recycled paper.

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Millions threatened with starvation

UN appeals for emergency relief for Southern Africa

AFP / Mike Hoggins

Food aid arrives in Malawi, but will the region get enough relief to prevent many more deaths?

By **Michael Fleshman**

A two-year drought, coming on top of widespread poverty, production disruptions and depleted food reserves, has plunged Southern Africa into its most serious food emergency in at least a decade. Nearly 16 million people in seven countries are at risk of starvation by the end of this year. Unless urgent measures are taken soon, cautions the World Health Organization, as many as 50,000 lives a month could be lost to malnutrition and disease. In early July, the UN launched an urgent appeal for $611 mn in emergency aid to stave off the regional crisis, on top of $236 mn requested earlier for Angola.

For some, even immediate help will come too late. Madyawako Lepu's husband was among 70 residents of the Gwenge community in central Malawi who have died from hunger this year. "We had no food at all," Mrs. Lepu told the UN World Food Programme (WFP). "In desperation we started eating banana roots and other wild plants. But it was not enough to save my husband." Mrs. Lepu and her 12 dependents join 3.2 million Malawians hoping for emergency food aid in the coming months. But it may never arrive. As of early August, the UN reported that it had secured less than 22 per cent of the $144.3 mn needed for emergency relief in the country (see table).

She is among tens of millions of people in 21 sub-Saharan African countries facing severe food shortages this year, the UN Food and Agriculture Organization (FAO) reports. The causes, while varied, include poor rains, civil and cross-border conflicts and endemic poverty. The result has been sharply reduced food stocks in much of southern, central and eastern Africa and the Mano River region of West Africa. As a result, prices for staple items have soared beyond the means of the poor.

Half of Zimbabwe faces hunger

But it is in Southern Africa that the drought's grip is fiercest, and Zimbabwe has been among the countries hardest hit. Although Zimbabwe is a food-exporting country in good years, the upcoming maize harvest is expected to be just 23 per cent of the 1999-2000 season. Over 6 million people — almost half the population — are expected to require food aid by the end of the year. The government's widely criticized plan to redistribute commercial, white-owned farms to landless Africans has contributed to the shortfall, but the FAO found that the failure of the rains during the January-March growing season was the principal cause.

In Angola, ironically, it is the end of that country's decades-old conflict that has increased the need for assistance. Hundreds of thousands of previously isolated people have made their way to towns and demobilization centres in search of help. At the beginning of the year, the UN was feeding a million Angolans. That number is expected to rise to 1.5 million by the end of the year, putting enormous strain on existing relief programmes.

In one indication of the seriousness of the crisis, Secretary-General Kofi Annan named WFP Executive Director James Morris as his special envoy on the humanitarian crisis in Southern Africa in July. His principal task is to focus international attention on the worsening crisis. "With your support," Mr. Annan told donors, "we can save lives."

Great Lakes and Horn of Africa

Other parts of the continent will also require assistance. In the Great Lakes, good rains and strong harvests last year still left the troubled region's 1 million refugees and 3 million internally displaced people at risk of hunger. In the Horn of Africa, exceptionally dry weather in Ethiopia has doubled the number of people in need of emergency assistance from 2 million to 4 million, with an additional 2.5 million at risk. In neighbouring Eritrea, last year's strong harvest still left 1.3 million people, including many displaced during the war with Ethiopia, dependent on emergency food supplies. The persistence of drought in some areas has further reduced food security.

Donor commitments are not keeping pace with the growing need, however, and UN relief agencies are scrambling for resources. The WFP has already been forced to borrow $20 mn from the UN's Office for the Coordination of Humanitarian Affairs to keep food aid flowing to Southern Africa. But time is critical, the World Health Organization noted. Without immediate access to food, medical care, clean water, and seeds for the upcoming planting season, African drought victims face a "tremendous loss of life." ■

Southern Africa drought

	People at risk by Dec. 2002	Aid requested US$ mn	% received by 11 Aug. 2002
Angola	3,000,000	236.0	47.0
Lesotho	444,800	41.0	20.6
Malawi	3,188,000	144.3	21.7
Mozambique	515,000	43.7	12.6
Swaziland	231,000	19.0	14.6
Zambia	2,329,000	71.4	28.9
Zimbabwe	6,075,000	285.1	15.0
Total	15,782,800	847.2*	26.3

* *Includes $6.7 mn unallocated by country.*

Source: UN Africa Recovery from data from the UN Office for the Coordination of Humanitarian Affairs, World Food Programme and US Agency for International Development.

Botswana's high-stakes assault on AIDS

An African test case for wide distribution of life-prolonging medicines

By **Roman Rollnick**
Gaborone

The gleaming floors, white-frocked technicians and humming electronic equipment of the Botswana-Harvard HIV Reference Laboratory here in Botswana's capital are distant in more ways than geography from the dusty villages and crowded mining compounds on the frontline of Botswana's desperate struggle against HIV/AIDS. But closing the gap between the resources available at this modern new facility, and the nearly 40 per cent of the adult population infected with the deadly virus, is at the heart of Botswana's high-stakes effort to provide comprehensive HIV/AIDS treatment to all of its citizens. In January, Botswana became the first country in Africa to offer expensive, but life-saving, anti-retroviral drugs (ARVs) and other medications to all who need them through the public health system.

It is a costly and ambitious undertaking, one that many health care experts say cannot be done in Africa. But for the 330,000 Botswanan adults estimated to be HIV-positive, access to ARVs and to ongoing care, counselling and testing, is a matter of life or death. The vast but sparsely-populated territory has the highest HIV infection rate in the world (see table, above). Some 26,000 people in this country of less than 1.6 million died from AIDS-related illnesses last year alone. "We are threatened with extinction," President Festus Mogae told the UN General Assembly last year. "People are dying in chillingly high numbers. It is a crisis of the first magnitude."

Botswana's AIDS epidemic, 2001

Population	1.6 million
Adult population (15-49)	762,000
Total adults with HIV	300,000
Adult infection rate	38.8 per cent
Adult women with HIV	170,000
Adult men with HIV	130,000
Children with HIV (0-14)	28,000
Older adults with HIV (50+)	2,000
Total deaths (2001)	26,000
AIDS orphans (0-14)	69,000
Life expectancy (1987)	63
Projected life expectancy (2005)	37

Source: UN Africa Recovery from UNAIDS, World Bank data

More than Botswanan lives may be at stake, however. For years, some international health experts, backed by many donor governments and agencies and the powerful pharmaceutical industry, have argued that poverty and the absence of infrastructure make it impossible to successfully treat large numbers of HIV-positive people in developing countries with AIDS medications. Rather than waste resources on a failed effort to treat those already ill, they assert, scarce funds should be spent preventing new infections through education and prevention programmes.

Success in treating large numbers of patients will buttress the argument for greatly expanded treatment efforts in the rest of Africa and other developing regions.

Activists counter that pilot projects have demonstrated the feasibility of treatment programmes in developing countries, and that only a combination of treatment and prevention can turn the tide against the disease. Many advocates charge that opposition to large-scale treatment programmes is fueled more by concerns for patent rights and profits than genuine doubts about practicability.

Botswana is the first African test case. Success in treating large numbers of patients will buttress the argument for greatly expanded treatment efforts in the rest of Africa and other developing regions. Failure will badly undermine the call for greater treatment access for the world's poor. Although the Joint UN Programme on HIV/AIDS (UNAIDS) has long maintained that both prevention and treatment are necessary in the campaign against AIDS, fewer than 30,000 of the almost 29 million Africans infected with the virus have access to the ARV drugs that have dramatically reduced death rates in rich countries (see page 7).

Slow but steady progress

If any country in sub-Saharan Africa can implement a comprehensive HIV/AIDS prevention care and treatment programme, observers say, it is Botswana. Unlike many of its neighbours, the country has enjoyed an unbroken period of peace and comparative prosperity since independence in 1966. Its government is widely regarded as among the most efficient and capable on the continent, and its annual per capita income of $3,300 is among the highest.

Still, the obstacles are formidable. Many Botswanans are migrant workers, employed in neighbouring South Africa for much of the year, but maintaining farms and families back home. Migrants are at particular risk of infection because of the increased likelihood of contact with prostitutes and other casual sex partners while away from home. Often unaware that they have become HIV-positive, and unwilling to seek out testing and counselling because of the stigma associated with the disease, migrants are thought to be an important factor in the spread of the virus.

For those who do seek medical help, there is the problem of locating it. For HIV patients outside the private sector, there are only two government referral hospitals, one in Gaborone and another in the north, in Francistown. There are two smaller, district hospitals in the country, but most public health care is delivered through local clinics offering only basic services.

The National AIDS Coordinating Agency (NACA) formally embarked on the national treatment programme in January this year. Dr. Banu Khan, NACA's national AIDS coordinator, told *Africa Recovery* that the government set a target of 19,000 people for enrolment in their first year of ARV treatment under a $27.5 mn programme in which people who require the drugs will get them for life. The ministry of health has calculated the cost of medications, testing and counselling at about $600 per person, per year. Over the first five years of the programme, the Gates Foundation will provide $50 mn to help Botswana strengthen its primary health care system, while the giant US drug manufacturer Merck will match that contribution with anti-retroviral medicines. The other half of the cost, some $100 mn, will be met by the government.

"As of June this year, we had an estimated 1,000 people enrolled," Dr. Khan noted. "We have 500 undergoing the treatment, while the

remainder are still being screened to ascertain their precise treatment requirements." She termed that number "disappointingly" low, but said that more people are steadily coming forward. NACA says the volunteer patients include a "good mix" of educated and poorer rural people, some from the remote regions of the arid Kalahari in the west and northwest of the country.

Significantly, NACA officials say, initial indications are that very few patients have difficulty adhering to the complex ARV drug treatment regimes. The ability of poor and poorly educated patients to stick to strict medication schedules over a lifetime has been a major concern of health specialists and is an important aspect of Botswana's treatment initiative. Like Alcoholics Anonymous, NACA operates a "buddy system" whereby each patient is encouraged to form a special bond with someone close, who makes sure they remain on their medication schedule. The patients, in turn, counsel others who feel they may need help, to come forward.

© Don McCullin / Contact Press Images

Child AIDS patient in Botswana's Princess Marina hospital, which has the most advanced AIDS research laboratory in Africa.

Targeting mothers

Enrolling women in the programme is a key priority because they make up more than half of all infected adults. Dr. Khan said that NACA is especially concerned at the low intake of mothers in a programme intended to cut mother-to-child transmission of the HIV virus and keep infected mothers alive. Since the pilot project began, she said, only 2,000 women are currently undergoing treatment for AIDS-related illnesses. "We only opened up pilot sites two years ago. The percentage of mothers enrolled, however, is not desirable. It is low and must be increased. We have problems here, especially the one of stigma." Health officials said enrolment by pregnant mothers had only been in the 11-20 per cent range.

"Another problem is the status of women in relation to men," Dr. Khan added. Many women lack the power to control decisions about sexuality and remain under the authority of husbands, parents and in-laws all their lives. "How do you test someone if they do not get permission?", Dr. Khan asked.

"Then, with those who do enrol, they go home to a remote village with formula milk for their baby and are branded as suspect because they are not breast-feeding.... Mothers also worry about who will look after their baby if they die. But ARV therapy is now available in Botswana for these mothers and their babies, and I am hoping [enrolment] will increase now."

The country currently has 16 voluntary counselling and testing centres specifically for mothers, one in every district. These are stand-alone centres where one can discuss medical problems in privacy. "For example, in the latter part of last year, we had a conference for people living with HIV/AIDS and it drew 500 sufferers," Dr. Khan noted. "They went back to their homes and formed support groups to reduce stigma."

Dr. Khan said that NACA urgently needs more trained staff. "We have found that if you have a trained nurse dealing with many people in a rural clinic, for example, she does not have the time to counsel every HIV patient. So we are building a system of lay counselors, like social workers. For this, we do not necessarily need nurses and we have a programme to employ 500 such lay counselors. We are hoping they will also play a key role in reducing stigma."

She said that people living with AIDS, both from the educated urban classes and rural communities, are increasingly aware that the government is providing free lifelong treatment. "These people are with us on a voluntary basis. No one is coerced. We counsel them on positive living, about prevention, about the importance of remaining on the treatment even if they feel better. And they usually go home and spread this positive message."

Staff shortages severe

At present, NACA employs 10 doctors working full time on HIV/AIDS at the Princess Marina Hospital in Gaborone, and five at each of the other hospitals. Patients are also seen at the smaller health facilities, some of them mobile clinics, around the country. Uniquely for an African country, NACA says, almost no one is more than 8 km away from a clinic where they can seek medical help. Even in the remotest areas of the Kalahari, most people are just 15 km away. These clinics decide what sort of treatment people need, and either refer them to a hospital or provide them with ambulance transport if required.

Ms. Catherine Sozi, a British-trained Ugandan doctor based at the UNAIDS office in Pretoria, South Africa, said Botswana can sustain its national health scheme for AIDS patients even though the drugs are required for life. "However, there is an acute, absolute shortage of doctors, nurses and counselors in Botswana's health care system," she said, citing a recent UNAIDS assessment. "Although we did not have time to calculate the number of extra health workers needed for the ARV programme, the numbers are substantial. If a first recruitment for ARV treatment would cost one hour of a doctor's time, recruiting 10,000 new patients in three months, for example, would require at least 20 fulltime doctors doing nothing else but supervising these patients."

The shortage of doctors, pharmacists, nurses and counselors is compounded by the fact that over 90 per cent of doctors in Botswana are foreigners who do not speak Setswana. Counselors too are recruited from abroad and need to spend time becoming familiar with the local culture. Many spend only a brief period in the country, thus exacerbating the need for frequent training and supervision to ensure proper medical care. There also is concern that

many nurses, once trained and registered, emigrate to better-paid jobs abroad.

The government is seeking to recruit up to 200 new doctors from South Africa, Cuba and other nations to administer the drug programme. "In return for their travel and accommodation expenses, many are coming to give their time free of charge," Dr. Khan explained. "They know the government is serious in addressing this epidemic."

Botswana is supporting the new drug treatment policy with an expanded and more aggressive education campaign, modeled in part after Uganda.

The shortage of pharmacists outside the major hospitals is another problem. UNAIDS found that Botswana's few pharmacy technicians already have to manage drug supplies and distribution in the hospital and surrounding clinics. "They need support if they are to handle sensitive drugs like ARVs," Dr. Sozi said. Because Botswana will have to rely for some years to come on foreign health professionals, she noted, UNAIDS is recommending appropriate courses for them about local culture, health policies and protocols. Many current staff will require crash courses on ARV treatment issues.

development of new medicines, including a vaccine. "The virus strain in Botswana is clearly different from those we see in the West," said Dr. Max Essex, Chair of the Harvard AIDS Institute. "Nobody knows if a vaccine [being developed] against HIV-1B, the strain most common in Europe and the US, will work as well against HIV-1C." Scientists at the institute said they are concerned that strains like HIV-1C would become even more drug resistant without effective monitoring of patients taking ARVs. This is why, Dr. Khan said, the "buddy" system to ensure adherence is as important a component in the battle as further funds for training new medical teams.

Combining treatment and prevention

Botswana is supporting the new drug treatment policy with an expanded and more aggressive education campaign, modeled in part after Uganda, which has successfully reduced new HIV infections through sustained public education. President Mogae is determined to make sure that the message of free treatment gets out — through radio, billboard campaigns and by word of mouth.

UNAIDS / G. Pirozzi

Young Botswanan activists have been key in public AIDS education and prevention programmes.

Testing, monitoring and surveillance of the Botswana AIDS plague, as many now call it, is carried out by the new Botswana-Harvard laboratory at the Princess Marina Hospital. The first of its kind anywhere in Africa, the laboratory, with a staff of 50, is equipped with gene sequencers and blood cell sorters, enabling scientists to keep track of the spread of HIV, especially the HIV-1C strain prevalent in Africa.

The lab will also conduct research for the

Mr. Edmund Dladla, national coordinator of the Botswana Network of People Living With HIV/AIDS, welcomed the president's leadership. "Any person who is of working age, who has a job and some education talks about it. And everyone wonders about the impact AIDS is having, not only on those close to them, but also on the country as a whole. People are scared."

"For a decade," he continued, "until the end of the 1990s, we were in a state of denial, blaming the crisis on foreigners. Then, as we realized its extent, we started acting. Today, I would say the government is very transparent, pro-active and accountable. We are the most advanced African nation in this struggle — and believe me, I would not have said that just three years ago."

Employers get involved

Botswana's private sector has also become involved. Three years ago, the country's biggest employer, the Debswana diamond mining company, realized after testing its 6,000-strong workforce that fully a third of workers aged between 24 and 40 were HIV-positive. With revenues of some $1.8 bn dollars a year, and skilled miners scarce, the company set up its own HIV/AIDS scheme.

"We realized we had to do something fast because diamonds are the foundation of our economy," said Ms. Tsetsele Fantan, director of the company's programme. She said Debswana agreed to provide free treatment for each infected employee and one legal spouse, while the government would provide treatment for other partners and their children. The government has also urged major banks, transport companies and even petrol stations to provide better levels of health care and make HIV counselling and treatment available to their employees.

The Harvard-Botswana lab is another example of the public-private partnerships the Botswana government is seeking to build. The government provided $3 mn, while additional funding was contributed by the Gates and Merck Foundations, the Bristol-Myers Squibb drug company, the Harvard AIDS Institute and others.

"This collaborative programme is designed to demonstrate the benefits of a comprehensive, multi-sectoral approach to improving the care of people living with HIV in a country with limited resources," said Dr. Clement Chela, of the Botswana Comprehensive HIV/AIDS Partnership. The fact that ARVs are now freely available, he added, has become a motivating factor for people to come forward. "The programme we have put in place here can work in other countries in Africa, and with international financial help, it can be sustained." ■

A grim prognosis for AIDS in Africa

Disease slows in a few countries, but spreads more rapidly elsewhere

Gideon Mendel / Network Photographers

Tanzanian AIDS sufferer cared for by his mother: In 2001, another 2.2 million lives were lost in Africa.

By **Michael Fleshman**

Amid signs that the world is finally waking up to the global threat of HIV/AIDS, the disease continued its rampage through sub-Saharan Africa last year, taking an additional 2.2 million lives and infecting 3.5 million more people. That brought the estimate of the total number of Africans thought to be infected with the deadly HIV virus, which destroys the body's natural ability to fight disease, to 28.5 million at the end of 2001, or 70 per cent of the global total. Only 30,000 of these are thought to have access to the anti-retroviral medications that have dramatically reduced AIDS deaths in developed countries.

The new statistics, contained in the Joint UN Programme on HIV/AIDS (UNAIDS) 2002 *Report on the Global HIV/AIDS Epidemic* (www.unaids.org), dashed hopes by some analysts that AIDS had reached its "natural limit" in Africa and that the rate of new infections would begin to level off without the need for costly new prevention and treatment programmes. On the contrary, the disease now appears poised to spread more widely in West and Central African countries previously spared the double-digit infection rates that have devastated Southern and East Africa. Cameroon, which recorded an adult infection rate of 4.7 per cent among urban-dwellers in 1996, saw that figure more than double to 11.8 per cent in 2001. In neighbouring Nigeria, Africa's most populous country, the overall infection rate stood at 5.8 per cent. But rates were as high as 11 and 12 per cent in some regions, and the number of Nigerians carrying the virus, 3.5 million, trails only South Africa as the largest in the world.

The situation is no better in Asia and Eastern Europe, researchers say, where the disease also appears ready for explosive growth. "These data demonstrate that HIV/AIDS is spreading rapidly in parts of the world where the epidemic seemed stable or was previously confined to groups at highest risk of infection," UNAIDS Executive Director Peter Piot told reporters. Without a dramatic increase in anti-AIDS efforts, he cautioned, the pandemic could take an additional 68 million lives by the year 2020 — 55 million of them in Africa alone.

Despite significant increases in funding for AIDS programmes in low- and middle-income countries over the past four years, the $3 bn currently available is less than a third of the $10 bn health officials agree is needed annually for a "credible" global response to the disease. "It is now clear that the AIDS epidemic is still in its early stages," Dr. Piot asserted. "And let's be equally clear: our fightback is at an even earlier stage."

Crisis deepens

2001 saw AIDS further tighten its deadly grip on Southern Africa, already the epicentre of the global epidemic. All seven countries with adult infection rates above 20 per cent are in the region, including Botswana, with a 38.8 per cent infection rate, and Zimbabwe, where one in three adults is HIV-positive. Even these alarming figures, however, mask the full impact of the disease on particularly vulnerable populations. Among pregnant women in urban Botswana for example, infection rates that exceeded 38 per cent in 1997 had risen to almost 45 per cent by the end of last year. In the 25-29 age group, infection rates topped 55 per cent.

The extraordinarily high rates among women in their prime child-bearing years have the gravest implications for their children, many of whom will become infected by their mothers or be orphaned as their parents die. Significantly, about half of all new adult infections are occurring among young adults aged 15-24. This is evidence, Dr. Piot told reporters, that despite two decades of HIV/AIDS education and prevention programmes, "young people do not have the information and means to protect themselves from HIV."

That is particularly true for women, who accounted for almost 60 per cent of all new infections in Africa during 2001. A recent study of young people and HIV/AIDS by UNAIDS, the UN Children's Fund (UNICEF) and the World Health Organization (WHO) found that four out of five young women in Cameroon, the Central African Republic, Equatorial Guinea, Lesotho and Sierra Leone lacked the information needed to protect themselves from the disease. "The tragic consequence," noted UNICEF Executive Director Carol Bellamy, "is that they are disproportionately falling prey to HIV."

The development implications of AIDS in the worst-affected countries is only beginning to be understood. Addressing delegates at the opening of the 14th International Conference on AIDS in Barcelona on 8 July, Dr. Bernhard Schwartlander, the director of WHO's HIV/AIDS department, predicted that 25 per cent of the workforce in severely affected countries would die of AIDS-related illnesses by 2020, undermining the New Partnership for Africa's Development (NEPAD) and crippling economic growth and poverty-reduction efforts. A 1999 WHO study of the impact of AIDS on agricultural production in Zimbabwe found that rural households with one AIDS death suffered a 61 per cent drop in production of the staple food crop, maize, and a 49 per cent reduction in vegetables.

AIDS already accounts for 75 per cent of deaths among Kenyan police and is expected to

take the lives of 7,000 teachers in Malawi by the end of the next decade, Dr. Schwartlander noted. In Gaborone and Francistown, he told delegates, "every second or third person sitting on a bus or walking on the street is HIV-positive. It is almost impossible for me to get my mind around these figures."

An official with the US government's Census Bureau, Ms. Karen Stanecki, told reporters in Barcelona that under the agency's "middle-case scenario," life expectancy in Botswana and Mozambique would drop from 46 in 1999 to just 27 years by the end of this decade, and below 40 in nine other African countries. Should such estimates prove accurate, the number of AIDS orphans in Africa is expected to soar from 11 million to 20 million by the year 2020. "HIV/AIDS is rolling back decades of development progress in Africa," Dr. Piot observed. "Every element of African society, from teachers to soldiers to farmers, is under attack."

AIDS pandemic in sub-Saharan Africa, 2001
('000 people)

	Africa	*World*
Total HIV infections	**28,500**	**40,000**
Total deaths	**2,200**	**3,000**
New infections	**3,500**	**5,000**
Children (0-14) with HIV	**2,600**	**3,000**
Child deaths (high estimate)	**650**	**720**
AIDS orphans	**11,000**	**14,000**
Access to anti-retroviral drugs	**30**	**730**

Source: UN Africa Recovery from UNAIDS data.

New 'paradigm,' old problems

Despite the bad news, UNAIDS officials argue that there has been a "paradigm shift" in international awareness of the AIDS threat to economic growth and stability. "In the past two years the world has awakened to the AIDS epidemic and what it takes to bring it under control," Dr. Piot asserted. "We are entering a new era in the worldwide response to AIDS." Health officials point to four key reasons for optimism, including:

- greatly increased political leadership in the fight against AIDS
- a six-fold increase in funding for education and prevention programmes in developing countries since 1998
- a dramatic drop in AIDS drugs prices, including life-saving anti-retroviral medicines
- success by some developing countries in reducing infection rates through mass mobilization and public education campaigns.

Uganda continues to prove that education and prevention programmes, well designed, adequately funded and backed by strong political leadership, can reverse the epidemic in developing countries. Last year national infections dropped to just 5 per cent of adults from 8.3 per cent in 1999, and from double-digit rates in the early 1990s. Botswana became the first African country to announce plans to provide all citizens with access to AIDS education, testing and counselling and treatment services, including anti-retroviral drugs, launching the programme at the beginning of this year (see page 4).

The disease now appears poised to spread more widely in West and Central African countries previously spared the double-digit infection rates that have devastated Southern and Eastern Africa.

In Zambia, a concerted education and prevention campaign targeting women has reduced infection rates among young women in the cities from 28.3 per cent in 1996 to 24.1 per cent, with a similar drop in infection rates among young rural women. A campaign to promote condom use among prostitutes in Abidjan produced even more dramatic results, with infections dropping from 89 per cent in 1991 to 32 per cent in 1998.

Business as usual or 'never again?'

But in Africa and other poor regions in 2001, successful AIDS programmes continued to be the exception instead of the rule. Despite the launch of some 100 national aids coordinating bodies around the world, many governments and civil society groups struggled to strengthen political leadership, design effective action plans and, most importantly, overcome the desperate shortage of human and material resources. Donors and non-governmental activists remain at loggerheads over funding priorities, drug patent rights and the feasibility of treating the tens of millions of HIV-positive people in developing countries.

In South Africa, a dispute with activists over whether the state health service is required to provide pregnant women with drugs that reduce mother-to-child transmission of HIV went all the way to the Constitutional Court before being resolved in favour of treatment advocates. Botswana's ambitious plan to provide full treatment to people living with AIDS has been hampered by widespread fear of stigmatization and the absence of trained personnel, clinical and laboratory facilities and testing and counselling services.

But it is the continuing shortfall in international funding for the battle against AIDS in Africa and other poor regions that has attracted the harshest criticism from non-governmental organizations (NGOs) and international health experts. While critics have welcomed the recent increase in aid to developing countries, they charge that the failure to fully fund AIDS programmes in poor countries has needlessly taken millions of lives, and that tens of millions more will die unless adequate resources are provided.

Despite the highly publicized launch last year of the global AIDS fund, it has raised just $2 bn — well short of the amount UN officials expected. Because much of that money has come in the form of multi-year grants, said Mr. Stephen Lewis, the Secretary-General's special emissary for AIDS in Africa, the fund to date has raised just 7 per cent of its target.

On the eve of the Barcelona conference, two prominent Northern NGOs, Doctors Without Borders and the Health Gap Coalition, accused wealthy countries of "wilful neglect" for refusing to adequately fund treatment programmes in Africa. "The refusal of the European Union and other donor governments to commit funds for lowest-cost medicines has already condemned millions to death," charged Health Gap founder Dr. Alan Berkman. "The feasibility of treatment has never been more certain. But as long as wealthy countries refuse to pay, feasibility does not matter." Health Gap members staged a series of noisy protests at the conference, occupying drug company exhibits, demanding greater action from the private sector and disrupting an address by the US health minister, Mr. Tommy Thompson.

The time for promises, Dr. Piot announced in Barcelona, is over. "We have moved beyond the point where world leaders have ignored our pleas. The promises have been made. Now, they need to be kept." In a speech notable for its toughness, the normally diplomatic UNAIDS head charged that political leaders in Africa and the world stood and watched while millions of Africans died needlessly. "We cannot stand by as passive observers while other continents repeat history, and we must not fail Africa now, in her attempts to turn back the epidemic's devastation.... The world stood by while AIDS overwhelmed sub-Saharan Africa. Never again." ■

Poverty is worsening in African LDCs

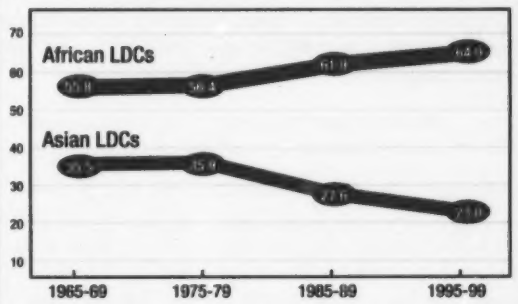
UNCTAD says commodity dependence is a key factor

By **Nirit Ben-Ari**

Compared with least developed countries in other parts of the world, poverty in African LDCs is rising markedly, says the UN Conference on Trade and Development (UNCTAD). According to the agency, the proportion of people in 29 African LDCs living below $2 per day increased from 82 per cent in the late 1960s to 87.5 per cent in the late 1990s. For those in extreme poverty — under $1 per day — the increase was from 55.8 per cent to 64.9 per cent, reports UNCTAD's *Least Developed Countries 2002*, released in June. The number of Africans living in extreme poverty in these countries rose dramatically from 89.6 million to 233.5 million over the same period.

The UN has classified 49 countries around the world as LDCs, based on their low GDP per capita, weak human resource base and low level of economic diversification. Of that number, 33 are in sub-Saharan Africa, with most of the rest in Asia and the Pacific.

Poverty in LDCs
(% of population living below $1 per day)*



*Based on a sample of 29 African and 5 Asian LDCs.
Source: UN Africa Recovery, from data in UNCTAD, Least Developed Countries Report 2002.

The UNCTAD report uses a new way to measure poverty. Rather than calculating the proportion of poor people on the basis of only household survey data, as the World Bank and other agencies have done, UNCTAD also uses estimates based on national accounts. This, the report argues, is more accurate in especially poor countries, since household surveys have often underrepresented the poorest sectors of the population, and thereby have led to underestimates of overall poverty levels, both in the past and more recently.

Not only is poverty in African LDCs widening, the study notes, it is also deepening. Among Africans living on less than $1 a day, average daily consumption declined from $0.66 in 1975-79 to $0.59 in 1995-99. In contrast, the average daily consumption of the extremely poor in five Asian LDCs rose from $0.84 to $0.90. The proportion of poor people in Asian LDCs also has declined steadily (see chart).

Commodity dependence

The weak economic performance and increasing poverty in African LDCs, argues UNCTAD, are closely linked to their economies' high dependence on exports of raw materials. Most African LDCs depend on a small number of low value-added commodities such as minerals or agricultural products. This makes them highly vulnerable to fluctuations in the international market, especially with the erosion of primary commodity prices in recent years.

Between 1997 and 2001, copper prices fell by 27 per cent, cotton prices by 39 per cent and coffee prices by 66 per cent, striking a hard blow at the poorly diversified economies of the African LDCs. Only the oil-producing LDCs enjoyed better prospects (Angola, Equatorial Guinea and Sudan). Although oil prices have generally remained low, there has not been a return to the especially low levels of 1997-99, and thus oil has helped to underpin economic growth in these countries.

Successful countries, the report points out, are distinguished by the development of highly productive commodity sectors and growing market shares. Even the poor Asian LDCs are less dependent on primary commodity exports than their counterparts in Africa.

Commodity dependency hinders economic growth and worsens poverty in LDCs, the report stresses. These countries are connected to the global economy in a complex web of dependent trade and financial ties with the developed countries. Globalization, argues the report, tightens rather than loosens an "international poverty trap."

How is the trap created? Narrow, static, low-value commodity dependence causes slow export growth. That leads to unsustainable external debt, and even greater reliance on aid. Consequently, state capacities weaken, contributing to political instability and conflict. This worsens poverty, weakens corporate capacities and scares off investors, leaving the country even more reliant on commodity exports.

In an effort to lessen such dependence, a number of LDCs have turned to tourism as a main source of foreign exchange earnings. The report points out that for many LDCs, however, the desired benefits of a thriving tourism industry are undermined by financial "leakage." This occurs through the repatriation of profits to the investor's country of origin, remittances sent abroad by foreign workers, and the import of goods and services necessary for the industry. Without strong links with the local population, tourism typically contributes little to poverty reduction.

Adverse effects of trade liberalization

The report urges LDCs to consider more restrictive international trade policies, rather than the kind of sweeping trade liberalization advocated by the International Monetary Fund (IMF) and donors. Studies have shown that so far trade liberalization has not been closely associated with poverty reduction. In fact, based on an IMF index of trade restrictiveness, UNCTAD estimates that poverty is increasing in those developing economies that have the most open trade regimes. The report acknowledges, however, that there is no evidence that there would be a decrease in poverty in the absence of trade liberalization, making it hard to draw firm conclusions.

Nevertheless, the evidence that trade liberalization has had negative consequences is strong. The Senegalese tomato industry is a telling example. In 1990-91, production of tomato concentrate in Senegal was 73,000 tonnes. Over the past seven years, total production has fallen to less than 20,000. One key reason, reports UNCTAD, was trade liberalization, as tomato imports — mainly from subsidized exporters in the European Union — flooded the Senegalese market. ■

Making African integration a reality

New strategies aim for public involvement, practical results

Greater African unity has long been a cherished — but elusive — goal. There is now a renewed impetus to establish closer economic and political ties among the continent's numerous countries, based on a heightened appreciation of the need for regional integration and a clearer understanding of the reasons for past failures. This series of articles examines some of the central challenges facing the drive for integration, including enhanced trade among African countries, more roads and other infrastructure, reform of regional institutions, greater accountability and popular involvement, and closer coordination of efforts by the public and private sectors. Many of the interviews and other materials were originally gathered by Africa Recovery at the African Development Forum, organized by the UN Economic Commission for Africa in Addis Ababa, Ethiopia, on 3-8 March 2002 and devoted to the theme, "Defining Priorities for Regional Integration."

By ***Ernest Harsch***

On the edge of Porto Novo, Benin, runs an unpaved, unnamed road. It is little travelled during the daytime, but at night large transport lorries weave around the potholes to bring in petrol and other commodities from just across the border in Nigeria. No customs officers check the goods, and they are not counted in Benin's official trade statistics. Yet their sale satisfies consumer needs and provides livelihoods to thousands of small-scale traders in market-places across the country.

UN

Building more links among African countries is essential for the continent's economic progress.

Like Benin, each of Africa's 53 countries has its own flag, constitution, capital city and customs service, and each is separated by lines on the map. For many ordinary Africans, however, the things that divide them are less important than what unites them: an understanding that they are all Africans and that they have common interests in promoting the closest possible political, economic and human ties across national boundaries.

The idea of better integrating African countries and regions has long been promoted by political leaders in speeches, official conferences and formal treaties, although with only limited results on the ground. In recent years, the concept has acquired greater urgency, dramatized by the formal launching of the African Union this July (see page 25). At a time of heightened international competition, argues Mr. K.Y. Amoako, executive secretary of the UN Economic Commission for Africa (ECA), African regional integration must accelerate so that the continent can respond "ever more effectively to a globalizing world."

The advantages are numerous. Wider regional markets can open up more opportunities for African producers and consumers, beyond the sometimes small markets within their own borders. Algerian President Abdelaziz Bouteflika has pointed to two particular "virtues" of regional economic integration. It can reduce the costs of developing essential infrastructure, including transport, communications, energy, water systems and scientific and technological research, which often lie beyond the means of individual countries. At the same time, integration facilitates large-scale investment by "reinforcing the attractiveness of our economies and reducing the risks."

The momentum for integration has come not only from the top. At many levels of society, people are actively seeking to forge more ties with each other. For some, such links already exist. For many others, they still lie in the future.

In 2000, a network of African civil society groups organized a caravan that departed from Cape Town, South Africa, and wound its way through dozens of countries across the continent. Its

express aim was to promote African unity "from below," according to Mr. David Gakunzi, an activist from Burundi who helped organize the caravan.

More recently, in May, as part of an Africa-wide arts exhibition in Dakar, Senegal, one of the artists, Mansour Ciss, set up a foreign exchange bureau. It traded not only actual money, such as the CFA franc and euro, but also a new "virtual currency" that he designed, the "afro." A single African currency may seem a "crazy" idea at the moment, Mr. Ciss believes, but will one day become a reality.

On more solid ground

African regional integration was a dream of many of the continent's leaders, and gave impetus to the creation of the Organization of African Unity (OAU) in 1963. Over the years, many other institutions were also established in Africa's different regions. But for the most part they did little to increase trade or other interactions among African countries. Many countries continued to deal most extensively with their former colonial powers.

The record of regional integration in Africa so far has been a sobering one, and many regional groupings are marked by uncoordinated initiatives, political conflicts and low levels of intra-regional trade. Analysts point out, however, that a number of the external and domestic factors that impeded African integration in the past have improved somewhat in recent years, giving grounds for cautious optimism (see box, page 12).

Africans have also learned from the failures of past initiatives. As a result, many proponents of integration now pursue a less grandiose and more practical approach. Africa must unite not simply to enhance the continent's weight in global affairs, they say, but also to meet the very real needs of its people. "I want to see intra-African integration," says Mr. Amoako, "not because we will garner some utopian share of world commerce, but first and foremost because it will improve our lives here. It will free up the time of African businesspeople to do business here. It will lower costs. It will make the African consumer's plight so much more hopeful. We must build for ourselves. If we do that, others will come."

Recent efforts also reflect a more holistic perspective. Integration cannot be achieved by relying strictly on political initiatives or focusing narrowly on economic dynamics, as had been the case with previous undertakings. "We can never hope to separate political and economic imperatives," notes Mr. Adebayo Olukoshi, executive director of the Dakar-headquartered Council for the Development of Social Science Research in Africa (CODESRIA).

According to Mr. Tajudeen Abdul-Raheem, chairman of the Uganda-based Pan-African Movement, a civil society group, Africa's political and economic integration are "inextricably interlinked," involving democratization of African regional organizations, freer movement of goods and people among countries, and collective action to address such cross-border issues as AIDS, child labour and trafficking in women. And with so many African countries at war, says former OAU Secretary-General Salim Ahmed Salim, peace must also be a central element of any integration strategy.

In grappling with the challenges facing regional integration efforts in Africa, advocates of greater unity have identified a number of other requirements for success:

- involving civil associations, business groups, professionals and other sectors of society more actively in all integration endeavours
- achieving an appropriate balance between public and private economic initiatives
- reconciling the sometimes conflicting interests of countries with diverse sizes, natural resources and economic performance
- pursuing a pace of integration that is simultaneously ambitious and realistic
- rationalizing Africa's many different regional institutions, to reduce overlap and inefficiency.

Integration cannot be achieved by relying strictly on political initiatives or focusing narrowly on economic dynamics.

A 'giant step' needed

At a week-long African Development Forum (ADF) organized by the ECA in Addis Ababa, Ethiopia, in March, many participants from civil society and business organizations expressed great frustration over their virtual exclusion from existing regional institutions (see *Africa Recovery*, April 2002). A major cause of the shortcomings of past integration efforts, they argued, lay in the failure of African leaders to consult their citizens when designing integration strategies and programmes. "The problem is a lack of faith in our peoples," said Professor Maria Nzomo of the University of Nairobi.

Not only have they not been consulted, but many Africans encounter constant problems in travelling or dealing with people in neighbouring countries. Small-scale manufacturers have difficulty getting the necessary import or export licenses. Traders are routinely shaken down at customs posts. Ordinary travellers often have to pay small bribes to get past police checkpoints.

African businessmen frequently need to wait 6-8 weeks to get visas to visit other African countries, while citizens of the UK or France can travel to many African countries and obtain a visa on arrival. The domestic private sector has rarely been mentioned in African regional integration plans, noted Mr. Taingam Bekoutou, director-general of Chad's Chamber of Commerce and Industry, nor has it been consulted about the taxes imposed on African businesses.

Gradually, things are changing. Immediately following the ADF, representatives of African civil society organizations gathered in Addis Ababa to discuss how they can have greater input into regional initiatives, in particular the New Partnership for Africa's Development, the continental strategy adopted last year by African leaders. In April, a similar consultation was held at the headquarters of the African Development Bank (ADB) in Abidjan, Côte d'Ivoire, and in June representatives of African civil society groups returned to Addis Ababa for further discussions with OAU officials and African leaders such as Nigerian President Olusegun Obasanjo.

Specifically to promote greater private sector involvement in regional integration, the ADB is supporting an initiative known as

the African Business Roundtable. The group is organizing an investment forum in South Africa later this year, with support from both the South African Chamber of Commerce and Industry and the Economic Community of West African States (ECOWAS). With assistance from the UN Development Programme, the Roundtable has started an "e-commerce" project to help African businesses gain easier access to Internet communications. And last October it launched a major venture to strengthen marine trans-shipment facilities along the West African coast, with $100 mn in investments expected from an African-owned company, Ecomarine, based in Togo and Nigeria, and a US company. "This is what I call real integration," says Alhaji Bamanga Tukur, chairman of Ecomarine and executive director of the African Business Roundtable. "It will facilitate the movement of people, goods and services, and promote inter-state trading."

"I want to see intra-African integration, not because we will garner some utopian share of world commerce, but first and foremost because it will improve our lives here. It will free up the time of African businesspeople to do business here. It will lower costs. It will make the African consumer's plight so much more hopeful."

— K.Y. Amoako
Executive Secretary, ECA

Much more needs to be done, however. Prof. Adebayo Adedeji, a former ECA executive secretary and a chief architect of many earlier integration efforts, urged the participants at the ADF to take the "giant step" of handing ownership of regional integration over to the people of Africa. Without the people's support, he said, not much can be accomplished. (See interview with Prof. Adedeji, page 16.)

Both state and market

Africa's earlier frameworks for regional integration, such as the 1980 Lagos Plan of Action, tended to emphasize a preponderant state role. But many African governments lacked the financial resources and political credibility to effectively implement policies even within their own borders. Some were crippled by civil war or came into conflict with one or more of their immediate neighbours, disrupting progress toward cooperation.

The economic crises that swept much of Africa in the late 1970s and early 1980s further derailed integration efforts. It also enabled donor countries and international financial institutions such as the International Monetary Fund (IMF) and World Bank to push through a major shift in economic policies. The structural adjustment programmes that African countries adopted under this pressure brought the privatization of hundreds of state enterprises, sweeping liberalization of domestic and international trade, and a severe contraction of Africa's public sectors.

Despite the dismantling of tariffs and other trade barriers, commerce between African countries did not increase significantly. Most African countries continued to export primary commodities to the developed countries, and imported finished products from outside the continent. Without a strong capacity by African countries to produce more manufactured goods that they could then sell to their neighbours, "no amount of trade liberalization measures can lead to significant increases in the volume of regional trade," OAU Assistant Secretary-General Lawrence O.C. Agubuzu told the ADF in March.

In fact, because these liberalization policies opened African markets to cheap manufactured goods from Northern industries, local manufacturers simply could not compete. Hundreds went out of business, further eroding industrial production and leaving African economies even more dependent on the export of cocoa, cotton, copper and other raw materials.

Market forces, by themselves, also tend to worsen existing inequalities among countries. President Bouteflika of Algeria has

A better environment for integration?

During the first decade and a half after most African countries gained their independence in the early 1960s, more than a 100 different regional organizations were created on the continent, attesting to a strong desire for pan-African cooperation and unity. But the failure of many of these institutions to achieve real results has bred widespread scepticism. Will African leaders be any more diligent in implementing their commitments to regional integration in the future? Will Africa's people gain any more benefits than they have so far?

Proponents of regional integration acknowledge the shortfalls of the past. But they also point out that some of the conditions that previously impeded progress have since improved, if only partially. Under these new conditions, they argue, the prospects for integration should be somewhat brighter than they were before. The changes have been diverse:

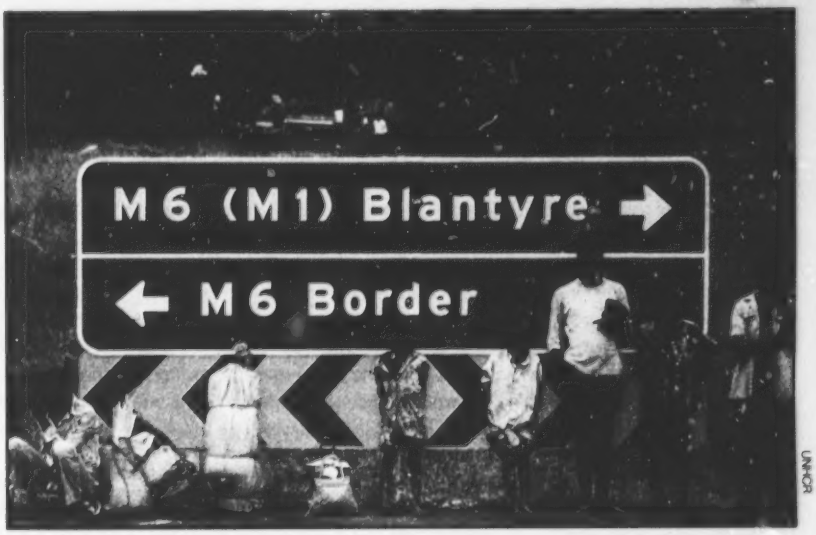
War and conflict: During the first decades after independence, many African countries were caught up in the rivalries of the Cold War and preoccupied with liberating those territories still under colonial or white minority rule (mainly in Southern Africa). These major political confrontations made economic cooperation extremely difficult. The Cold War has now passed, and with the end of apartheid in 1994, much of Southern Africa has been at peace. However, many local wars have continued to erupt in various parts of the continent, further obstructing moves toward regional unity.

Political rule: Until the 1990s, most African countries were under military or one-party rule. With no obligation to give any public accounting, it was easy for rulers to make grand promises at regional conferences and then do nothing to implement them. Now, with just a few exceptions, African governments are elected. Although democracy remains fragile, civil society organizations are in a much stronger position to demand that their leaders keep their promises.

Economic performance: Most of Africa was stricken by a severe economic crisis

pointed out that trade liberalization "cannot serve as a basis for a process of genuine integration. Inequalities in production will tend to create unsupportable trade imbalances...."

Given such market shortcomings, many advocates of regional integration now emphasize that government must not be further cut back, but should play an active part. "The minimalist approach to the role of the state is not right," South African Transport Minister Dullah Omar said at the Addis Ababa forum. What African countries need, he said, are capable, democratic states which can build genuine partnerships with the private sector. Their combined efforts can better develop roads, market facilities and other essential regional infrastructure.



UNHCR

For many Africans, travelling to neighbouring countries is still an arduous and time-consuming process.

"To focus simply on liberalization is not going to work," Ethiopian Prime Minister Meles Zenawi said. He cited the example of the East Asian countries, where government partnership was vital for helping local businesses develop to the point where they could compete globally. "No matter what the IMF and World Bank say, we're going to do that."

Balancing different interests

As in other parts of the world, a major stumbling block to successful regional integration has been the great diversity in African countries' sizes, natural resources, levels of development and connections to global markets. Tiny Benin does not have the same economic interests as its giant oil-rich neighbour, Nigeria. South Africa and Malawi do not experience the costs and benefits of regional trade arrangements in the same way. According to Malawi's Deputy Minister of Transport and Public Works Jan Sonke, freer regional trade led to an influx of cheap South African furniture into Malawi, causing the failure of many local furniture makers.

For regional integration to succeed in the face of such problems, notes Mr. Amoako, there is a strong need for "balanced, equitable development," so that all countries feel they are ultimately gaining something.

Prof. Ali el-Agraa, a Sudanese expert on regional integration who now teaches at Fukuoka University in Tokyo, notes that "whatever you do is going to be imbalanced," since countries have different capacities and starting points. One goal of regional organizations, therefore, should be to help counteract those inequities. He cites the example of the European Union, which has numerous "structural funds" and other mechanisms to benefit those countries that have less industry or higher unemployment. Finding ways to overcome such inequities must be consciously negotiated by governments, he said. "This objective can't be realized through market forces."

When they join larger regional groupings, "what can small states expect in exchange?" asks Gen. Luis Silvain Goma, secretary-general of the seven-country Communauté Economique et Monétaire d'Afrique Centrale (CEMAC). Arguing that larger African states have an "obligation for solidarity," he cites as a model the Southern African Development

throughout much of the 1970s and 1980s. Many governments were overwhelmed by the struggle for survival and could devote few resources towards regional infrastructure or other projects favouring integration. Since the mid-1990s, however, an increasing number of African countries have benefitted from renewed economic growth, providing greater scope for new initiatives. This recovery has been uneven, however, and economic performance can fluctuate unexpectedly from one year to the next, making it harder for African countries to coordinate policies with their neighbours.

Policy frameworks: Struggling with crises, African governments could not implement their 1980 Lagos Plan of Action, which strongly emphasized regional initiatives. Instead, they were compelled to adopt the structural adjustment programmes promoted by the World Bank, International Monetary Fund and major donor countries. These programmes, focusing heavily on liberalization and market mechanisms, were almost exclusively national in scope. They obliged each African government to negotiate separately with its external financing institutions, and liberalization was implemented without regard to regional considerations. Donors, meanwhile, were very reluctant to fund regional cooperation projects. Although structural adjustment remains the underlying framework for most national economic programmes in Africa, the international financial institutions now appear more open to regional initiatives than they were in the past.

Community's common fund on customs tariffs, in which revenues from regional tariffs are distributed to the advantage of SADC's smaller, poorer members. The Southern African Customs Union and ECOWAS in West Africa have similar compensation mechanisms.

Some African countries have a particular concern that lowering or eliminating tariffs on trade with their regional partners will deprive them of an important source of government revenue. In January 2000, for example, tariffs on intra-regional trade in goods produced within the eight-member Union Economique et Monétaire Ouest-Africaine (UEMOA) were reduced to zero. With limited sources of revenue in general, the loss of this tariff income could have compromised some governments' fiscal position. UEMOA, however, has a mechanism to compensate for such revenue losses, weighted in favour of the more impoverished, landlocked countries in the group (see table, this page).

Within the Common Market for Eastern and Southern Africa (COMESA), nine countries established a Free Trade Area (FTA) in August 2000. The FTA also has a mechanism to compensate for tariff losses. Some analysts of the FTA argue that such compensation need only be temporary, since expanded trade will inevitably boost revenue from these countries' value-added taxes, in the long run surpassing the old tariff revenues.

UEMOA compensation for member-states, 2001*

Country	CFA francs, mn
Niger	4,997
Mali	4,996
Burkina Faso	3,122
Benin	2,579
Senegal	1,520
Togo	958
Côte d'Ivoire	83
Guinea-Bissau	41

* *As of 30 November 2001.*

Source: UN Africa Recovery, from UEMOA data.

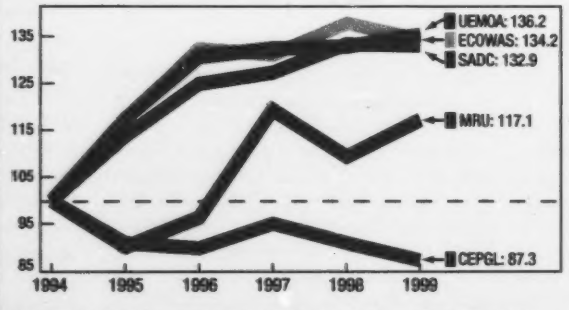
Uneven progress among African regions

The second half of the 1990s saw some progress towards closer economic integration within Africa's various regional groupings, reports the UN Economic Commission for Africa (ECA). Its first *Annual Report on Integration in Africa*, to be issued in full later this year, looks at a broad spectrum of integration issues in Africa and seeks to assess quantitatively how well African countries have done in forging ties with each other. "Overall, there is a discernible move towards greater integration," states the draft overview, released in March at the African Development Forum in Addis Ababa.

In addition to examining specific indicators for each regional economic community (REC), the report has developed its own African Integration Index. It combines data from eight different sectors of activity: trade, money and finance, transport, communications, industry, energy, food and agriculture, and human development and labour markets. Each of the sectors is weighted — with trade given a weight of 34 per cent and transport 15 per cent — in the calculation of the index. Assigning an index value of 100 to 1994, it finds that over the next five years integration within the 12 RECs it reviewed increased modestly, to an average of 120 in 1999.

This progress was uneven, however. Three RECs were clear frontrunners: the Union Economique et Monétaire Ouest-Africaine (UEMOA), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC). The Communauté Economique des Pays des Grands Lacs (CEPGL), comprising Rwanda, Burundi and the Democratic Republic of Congo, fared the worst, in large part because of the incessant wars that have afflicted the region. Similarly, wars within the Mano River Union (MRU), made up of Guinea, Liberia and Sierra Leone, also brought poor performance initially, although integration advanced somewhat in the later years as fighting subsided in Liberia.

Regional frontrunners and stragglers
(ECA's regional integration index, 1994=100)



Source: UN Africa Recovery, from data in ECA, Annual Report on Integration in Africa 2002.

Ambitious, but doable

Throughout the ECA forum in March, participants emphasized the importance of moving toward integration at a more determined, systematic pace. For some, this primarily meant going more quickly. "A globalizing world calls for a faster pace" by Africa, said Mr. Delphin Rwegasira, executive director of the African Economic Research Consortium. He insisted that Africa abandon its "inward-looking" approach of the past, and instead adopt a course of "open regionalism" to realize the benefits of global integration.

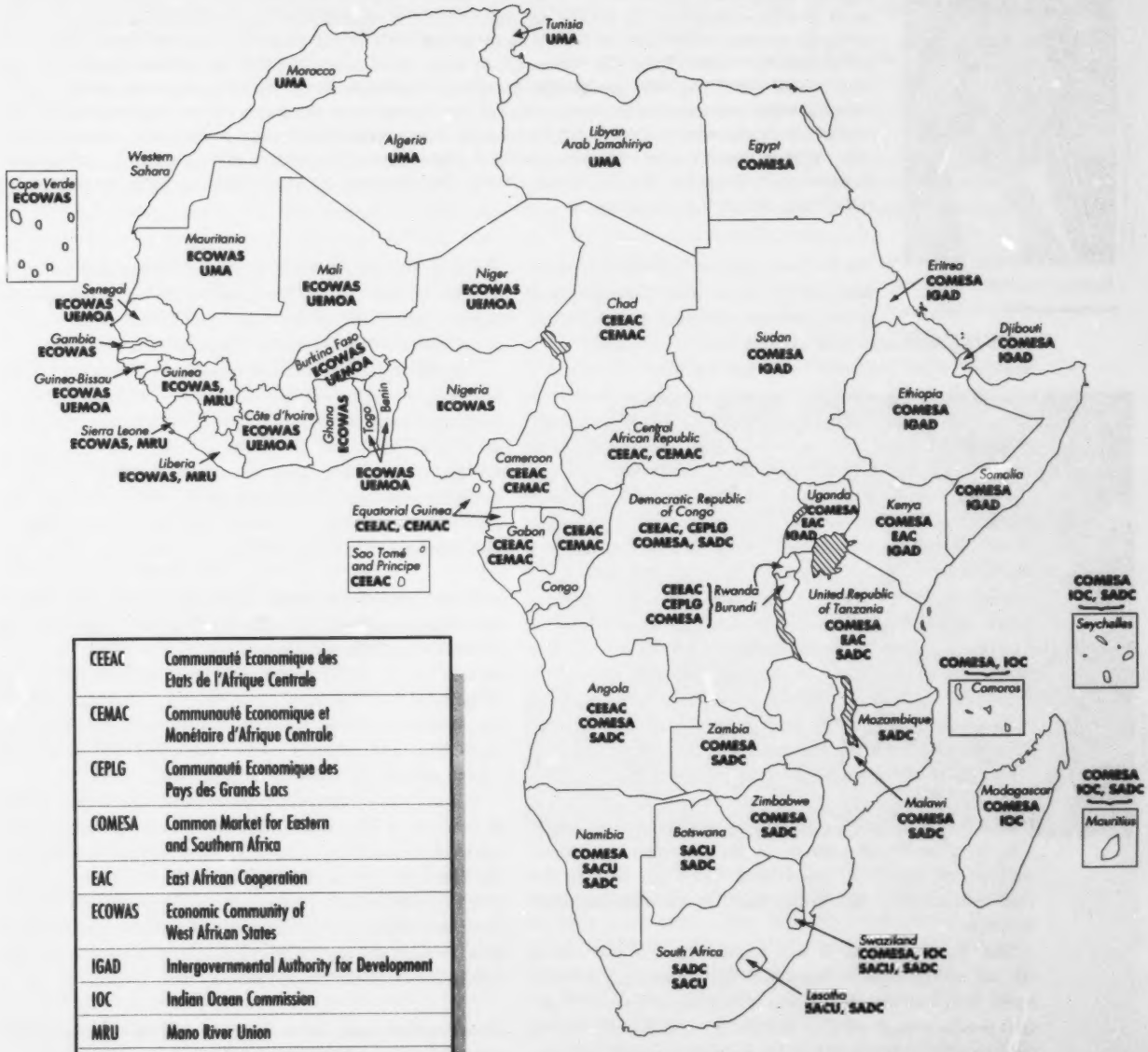
Others urged caution. Citing Africa's limited capacities and the contradictory influences of global economic trends, Prof. Fantu Cheru of American University in Washington, DC, advised a "common sense" strategy. "We can't just jump into ambitious economic integration," he said. "We have a lot of bridges to build to get to the other side of the river."

Mr. Amoako sought to reconcile both concerns. Up to now, he said, Africa has pursued regional integration in an "ad hoc, evolutionary manner" that has at times been maddeningly slow. But now we are moving to a much faster timetable." At the same time, he added, African governments must pay close attention to the sequence and consequences of their actions. "The decisions on pace should be ambitious, but the pace should be doable."

Moreover, some experts argue, not all countries or regional groupings must — or can — move at the same

turn to page 24

Africa's multiple regional economic groups



CEEAC	Communauté Economique des Etats de l'Afrique Centrale
CEMAC	Communauté Economique et Monétaire d'Afrique Centrale
CEPLG	Communauté Economique des Pays des Grands Lacs
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Cooperation
ECOWAS	Economic Community of West African States
IGAD	Intergovernmental Authority for Development
IOC	Indian Ocean Commission
MRU	Mano River Union
SACU	Southern African Customs Union
SADC	Southern African Development Community
UEMOA	Union Economique et Monétaire Ouest-Africaine
UMA	Union du Maghreb Arab

* Boxed islands not to scale

The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

Source: UN Africa Recovery

'You must first set your house in order'

Create the conditions for integration, says Prof. Adedeji

ECA / Antonio Fiorente

Adebayo Adedeji

For some three decades, Prof. Adebayo Adedeji has been one of Africa's foremost proponents of regional integration. In the early 1970s, as Nigeria's federal commissioner for economic development and reconstruction, he took a leading part in the negotiations that brought the establishment of the Economic Community of West African States (ECOWAS). Then, as executive secretary of the UN Economic Commission for Africa (ECA) from 1975 through 1993, he actively promoted the creation of other regional groupings, including the Preferential Trade Agreement (PTA), which subsequently became the Common Market for Eastern and Southern Africa (COMESA). He currently directs the African Centre for Development and Strategic Studies, a think-tank based in Ijebu Ode, Nigeria. Shortly after delivering a major address on "The History and Prospects for Regional Integration in Africa" to the 3-8 March African Development Forum in Addis Ababa, he shared his reflections with Africa Recovery.

You've been involved in African regional integration for a long time. Looking back at its shortcomings and ahead at its prospects, would you describe yourself as a pessimist or an optimist?

Adedeji: I'm not pessimistic. I'm not optimistic. I've spent a quarter of a century of my life promoting economic cooperation. I was a leader of the team in the establishment of ECOWAS. I was very optimistic when I came to the ECA that I would be able to do similar things elsewhere in Africa. So we started the PTA and COMESA, then in Central Africa. I've gone through it. It has been disappointing that these have not achieved much.

At that time, the economies of Africa were quite dynamic. In the 1970s, the average rate of growth was 5-6 per cent. Some countries achieved 7 or 8 per cent growth rates. But in the 1980s, the growth rates averaged less than 3 per cent. And that really was a problem. If we can revive the economies and begin to achieve prosperity, then we will have created a very sound basis for regional economic integration. So it is not pessimism. It's just getting the conditions in place. That is the message I have tried to bring forward. You must first set your house in order before you can begin to think of a bigger house to build.

With the economic crises of recent decades and the liberalization policies of structural adjustment, the capacities of African governments appear to have eroded. Could you describe the relationship between the African state and regional integration initiatives?

Adedeji: First, you must have a dynamic state. If you have a stagnant, contracting state, forget about regional cooperation. When a state finds itself in a crisis, it does not see beyond its nose. If you can't provide enough transport facilities at home, how can you be thinking of West African or pan-African transport facilities? There are states that can't even pay the salaries of their civil servants. How can you expect them to take out of their non-available resources to pay contributions [to regional organizations]?

Some of these things can be done simultaneously, once African states begin to move up. But when states are descending, you can't get any effective cooperation. The lack of progress in the 1980s was also the period when economic cooperation virtually collapsed in Africa. It was inevitable. So the two things must go together: the ascent of the state, with the recovery and the dynamization of the national economy taking the lead.

All the regional economic arrangements throughout the developing world did not fully achieve their objectives. But the European Community did. Of course, if you look at the period of the 1950s, 1960s, and 1970s, the European economies were moving fast, expanding. Therefore, the environment for regional integration was there. That is what has been absent in Africa. We don't have an enabling environment for integration, because we have stagnant, declining economies.

Some have argued that trade among African countries is greater than what is reported, because much of it is informal and bypasses the official customs services . . .

Adedeji: We [in ECA] undertook a study on what we called "unrecorded trade" in West Africa. We found that the value of unrecorded trade is more than equal that of recorded trade. In other words, if you added the two together, you would have doubled the volume and value of intra-West African trade.

In a way, that explains that some of the barriers simply need to be removed. In other words, ECOWAS was set up to allow free movement of goods. It has passed so many protocols to that effect. But it has not happened. Bureaucracy, in every ECOWAS country, is making it difficult. So people then take the law into their hands. There are many people travelling in West Africa — you can't stop them. So what you have to do is legitimize this unrecorded trade through import liberalization, and really make it effective.

Should African states follow that process or try to influence the nature of the cross-border markets?

Adedeji: There's no role for the public sector except to provide an enabling environment. It's not that these African states, as states, will take part in the trade. The people are doing that very well. If you go to Cotonou [Benin] today, a large proportion of the goods you find there come from Lagos [Nigeria]. But instead of smuggling it in, what we are saying is that they should be

encouraged to bring it in directly. So states can do a lot to regularize and legitimize, but not get involved in direct trading at all.

You have spoken of your own frustrations in trying to arrange support from donors to finance cross-border roads and other infrastructure links. Some African leaders, such as President Abdoulaye Wade of Senegal, have emphasized the importance of private sector investment in infrastructure development. Do you also see some role for the public sector there?

Adedeji: We have based the development of infrastructure on the public sector up to now. And we have not been very successful. So I believe that if the private sector can be encouraged to participate — in collaboration with the public sector, not to the exclusion of the public sector — that can really accelerate the process.

I must acknowledge here the role that some governments have played. Let me give you an example. The ECA in the 1960s came out with three major highway programmes: the Nouakchott-Lagos road, which would cut across the Sahara; the Lagos-Mombasa road, which would go from one end of West Africa to the extreme end of East Africa; and the Cairo-Cape road, to South Africa. The standards were agreed upon. The laws and regulations were agreed upon. It was assumed that each government would be responsible for constructing its own part, within its territory. Some parts have been built by national governments.

But for some governments, the road is not yet on their priority list. Take the Lagos-Mombasa road: Between Lagos and the border of the Central African Republic, you can drive. From the Central African Republic, through Zaire [now the Democratic Republic of Congo], up to the border of Uganda, about a thousand kilometres have not been built. Then through Uganda up to Mombasa, it's again free passage. The road involves about half a dozen countries. But because two countries have played foul, the project has not been completed.

I remember on one occasion, I went to see Mobutu, who was then the president of Zaire. He took me to his village and insisted I spend the night there with him. At dinner, we were both drinking beer. He said to me, "Professor, why do you hate me?" The glass nearly dropped from my hand. I said, "Mr. President, what do you mean by 'I hate you'?" He said, "You know, you are insisting on this trans-African highway being built. I have insurgents. Now if I build the highway, I won't be able to control them. I'll be overthrown." So you can see how personalized public policy is in our countries.

There was a lot of liberalization in Africa in the 1980s and 1990s, of a unilateral nature, often within the context of structural adjustment programmes. From the perspective of producing manufactured goods that African countries can trade with each other, did that experience help or hurt?

Adedeji: It didn't help. It hurt, and hurt a lot. After independence, African governments, one after the other, had embarked on industrialization as a major policy. According to the conventional wisdom of the 1950s and 1960s, industrialization would lead to import substitution, which meant that you started producing your own textile goods, your own consumer goods, mainly. To do that effectively, you built a tariff wall, because comparative advantage is never on the side of the newly industrializing countries.

The import-substitution industrialization policy was carried too far by the Africans. [To manufacture the goods] they imported the capital goods, the skills, the professional labour. One had assumed that the raw materials would come from Africa. But in many cases they had to be imported too. So really the manufacturing plants became merely places for assembly. They were very vulnerable. They needed protection. And the protection could not be removed after five years, as envisaged. They kept it up.

That was the time liberalization was forced on Africans, as part of the structural adjustment programmes. And that led to the de-industrialization of Africa. In 1960-1975, 10-15 per cent of GDP was accounted for by manufacturing industries. Today, most countries' industrial contribution is less than 5 per cent. So Africa has gone through a massive process of de-industrialization. The liberalization imposed by structural adjustment opened the African market to goods coming from the highly industrialized countries, which no African country can ever compete with. So, it's put back the hands of the clock, as far as Africa is concerned. And now with the World Trade Organization, it is even more difficult for a regional organization to set up a tariff wall.

UN / Betty Press

Togo plastics factory: Africa needs to produce more manufactured goods, but wholesale liberalization has brought "de-industrialization".

This is one of the problems the African Union will have to face. How do you launch a new process of industrialization in Africa? That will call for negotiations with the World Trade Organization and the rest of the international community, to take Africa as a special case. Give it ten years or so, during which it can really restructure its industries, not on the basis of importing everything and just relabelling it, but on a more serious basis. ■

What kind of regional integration?

Hassan Sunmonu

Regional integration in Africa cannot be built around simply lifting trade barriers, but also requires policies that promote industry and job creation, declares Mr. Hassan Sunmonu, general secretary of the Organization of African Trade Union Unity (OATUU). Launched in 1973, the OATUU represents the main trade union federations throughout the continent, and Mr. Sunmonu is a well-known voice for African labour rights, social advancement and democracy. Here he provides Africa Recovery with a labour perspective on regional integration.

On liberalization and integration:

By integration, we don't mean just economic integration, but economic and political integration, infrastructure, linking energy, linking roads, transport, and so on.... In any case, liberalization in the neo-liberal sense is what we don't want. As an African trade union organization, we know that liberalization connotes different things to different people. Liberalization that fosters intra-African trade, and Africa having its own fair share of world trade, yes, in that sense. But liberalization that destroys infant industries in Africa, that does not even promote intra-African trade, and that lessens the proportion of Africa's trade with the rest of the world, that's not our idea.

The people of Europe itself, they say they want a social Europe, not a neo-liberal Europe that marginalizes the majority of the people and benefits only a few multinational businesses. They want a social Europe, where the people of Europe will receive the benefits of integration. The same thing in Africa. We are not saying anything different. We want a fully integrated union of the African people, a social, economic and political union of Africa, in which the people have to play their part.

On free labour movement:

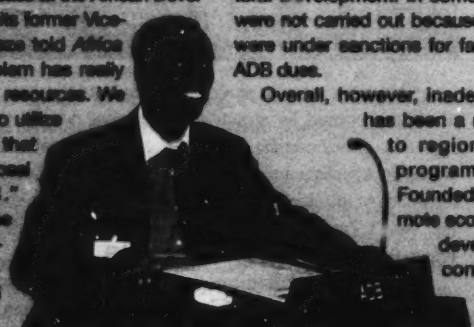
At the international level, they want free movement of capital, and no free movement of people. That is wrong, unacceptable. If capital can move freely, people must also be able to move freely. Within the African continent itself, we are part of this process of the African Union. We are insisting that the union must be a union of the African peoples. So the right of establishment, the right to movement of persons, goods and services, will be there. It will not come in one day. It is a process. But that is the way we want to go.

On sub-regional organizations:

Our role, as an African trade union organization, is to push the integration of civil society into the process of building the regional economic communities, the RECs. This will make the communities cooperate [with each other] in the African Union. We need to push the involvement of African civil society in each of the five sub-regions in order to speed up the process. Otherwise it will take a long, long time. We don't want the regional economic communities to be bureaucratic. ■

Money awaits viable projects, says African bank

While there is an overall shortage of donor funding for regional integration projects in Africa, this is not the case at the African Development Bank (ADB), its former Vice-President Cyril Enweze told *Africa Recovery*. "The problem has really not been the lack of resources. We have not been able to utilize all of the resources that were put at our disposal by the end of 2001." More than half of the Bank's $200 mn budget for regional projects for 1999 to 2001 was not disbursed.



Cyril Enweze

African countries "have not moved aggressively and constructively ... to come up with good, viable project proposals," Mr. Enweze told *Africa Recovery* in March, before he left the ADB to become vice-president of the UN's International Fund for Agricultural Development. In some cases, projects were not carried out because some countries were under sanctions for failing to pay their ADB dues.

Overall, however, inadequate financing has been a major hindrance to regional integration programmes in Africa. Founded in 1964 to promote economic and social development on the continent, the ADB has from the outset sought to address this gap by making regional integration a priority. While it aims to allot 10 per cent of its annual financial resources to multinational projects, observers note that problems such as political differences among members have prevented the institution from attaining these levels. The ADB provides loans at highly discounted rates for a wide range of multinational projects such as roads, energy and communications. Its policy-based lending is done in collaboration with the World Bank and International Monetary Fund (IMF), and loans are granted on condition that African countries carry out economic reforms.

For integration to succeed on the continent, Mr. Enweze said, African countries need to live up to their commitments and implement protocols they have signed. The continent also needs to create an environment that allows the development of a dynamic private sector.

To enhance trade among African countries, Mr. Enweze said, the ADB, together with the World Bank and IMF, advocates tariff reductions on imports. But many countries have been reluctant to do this because external trade tariffs are important sources of

Global pressures and popular energies

Prof. Fantu Cheru, who currently teaches African and development studies at American University in Washington, DC, is the author of two books on African political and development issues,* The Silent Revolution in Africa, *published in 1990, and* African Renaissance: Roadmaps to the Challenge of Globalization, *published this year. He spoke with* Africa Recovery *in March, during the African Development Forum in Addis Ababa.

ECA / Antonio Roberto

Fantu Cheru

Where does the impetus for regional integration come from in Africa?

Cheru: There are two pressures on African governments. On one hand, they want to get engaged with regional integration to deal with poverty. So there is a demand from below, coming from society. On the other hand, there's pressure from above, from global forces.

The pressure from outside, from the globalization of trade, may not be complementary to the kind of integration which emphasizes production, as opposed to exchange. We need to be able to produce. That means a lot of functional integration, in transport, in communications, to induce productivity. Not integration that simply induces expanded trade, selling goods produced in other countries. The global forces are more about exchange. Before you exchange, before you integrate with global markets, you have to create conditions for the private sector, for farmers, to become much more productive. This requires a lot more investment-oriented strategies, in research and development, in transport.

So African governments are really sandwiched between this pressure from below to do something about endemic poverty, and the dictates coming from global forces, which will be very, very difficult to deal with. So much is off the table. Neo-liberal constitutionalism is now the norm. Within that, what kind of space do you have? Very few countries have the option to find out. Most pay more attention to those outside demands than to internal demands.

government revenue. To reduce such dependence, Mr. Enweze recommends that countries "begin a very important process of diversifying the tax base, to see what can be done with various types of taxes — income tax, sales tax and value-added tax."

Also, he said, current levels of government spending need to be examined. "In a number of countries there are high defence expenditures," he said. "Are these necessary for poor countries? In some countries, there are high levels of subsidies. Some of these are very wasteful. Can we get rid of these subsidies? Or can we at least have targeted subsidies? We need to look at the efficiency of government expenditure."

And the domestic constraints on integration?

Cheru: Integration has always been an intergovernmental affair. It consequently left out the people who produce and who exchange. First, that raises a question whether governments really had any interest in development in Africa. Second, none of the initiatives in the past were ever integrated with national plans, with budgeted appropriations. Third, you can't achieve important issues in an environment in which, for about 30-35 years, we had nothing but dictatorships across the continent.

The indigenous private sector has always been excluded, harassed. The role of the state has been to control rather than facilitate. So there is a great deal of suspicion on the part of society in general. The question now is: What does it mean to move into the African Union? Are you serious?

You're pessimistic about the role of governments. What about the private sector?

Cheru: The private sector is still weak. Its capacity to respond is dependent on the kind of human capital available to it, on the kind of research and development that informs product quality. Right now you have human resource development, but the connection to the production chain is absent. The private sector lacks many, many capacities. But it can be dynamic if other elements complement innovations within it.

Really, there is a need for integration even within national economies. How does industrial strategy complement agricultural production, and vice versa? If you look at the East Asian countries, that's how they started. Before they went into export niches in the late 1960s and early 1970s, they created much more dynamic and productive agricultural and industrial sectors, which complemented each other. The demand from each sector generated innovations. And then they moved on to develop export niches.

Here, we are producing Barbie dolls, while farmers need something else. We require a very selective industrial strategy. How do the different pieces of the puzzle fit? That kind of thinking has to go on. Instead, we tend to plan like the old weatherman, just stick our finger in the air.

There is a very unrealistic assumption that once you sign agreements, the rest will kick start on its own. We have to be more pragmatic, in a way that shows results to people, something that's very tangible in people's lives. People spend hours at customs posts. Just removing those does not require financial cost. A lot of these activities really would not require money. It is simply dealing with the regulatory environment, making public institutions much more accountable. There are areas that will require money, infrastructure, etc. But a lot of it is: How do you provide people with the information that they need, on time? How do you release the energies of the people? ■

How to boost trade within Africa

Lower barriers and diversify production

By ***Gumisai Mutume***

Only a few hundred kilometres separate Lagos, Nigeria, from Accra in Ghana. For the thousands of traders who ply this route, the journey through Togo and Benin can take a full day, punctuated by arduous border checks, harassment and solicitations from officials for kickbacks.

"Customs officials and police at roadblocks will make you unload and unpack every little package in order to delay you for hours," says Ms. Lucia Quachey, secretary-general of the African Federation of Women Entrepreneurs, an organization of more than 4 million women across the continent, producing and trading everything from textiles to pharmaceuticals and vehicle parts. "Everyone knows the intention is to force travellers to pay."

Some of this activity is illegal, she says — deliberate efforts by officials to violate the principle of free movement of people and goods within the 16-member Economic Community of West African States (ECOWAS). It is also due to the slow implementation of regional integration agreements aimed at eliminating tariff and non-tariff barriers in the region. Despite pronouncements of support by politicians for regional economic ties, the reality on the ground for traders such as Ms. Quachey remains difficult.

UNIDO

Producing more textiles and other manufactured goods can stimulate trade among African countries.

African countries are grappling to undo a legacy dominated by trade with their former colonial rulers rather than with each other. Senegal's biggest trading partner is France, while Gambia trades extensively with the UK. Although Senegal surrounds Gambia, trade between the two neighbours is minimal.

The continent's railways and roads often lead towards the ports rather than link countries across regions. To fly from one African country to another, it is often easier to pass through Europe. Relatively lower tariffs on African goods entering European Union and US markets also make export to industrial countries more lucrative than to other African countries. Because of hindrances to trade within Africa, exports from Tunisia and Cameroon often find their way to French warehouses before being redirected to each other's market shelves.

To boost trade among African countries, regional economic communities (RECs), such as ECOWAS, have been created over the last few decades. Trade among African countries only accounts for about 10 per cent of their total external trade, the lowest of any world region, notes the Addis Ababa-based UN Economic Commission for Africa (ECA) in its 2002 *Annual Report on Integration in Africa*. The challenges of improving such low levels of intra-African trade are immense, but policymakers on the continent are increasingly focusing on them as a new wave of interest in regional integration gains momentum.

A few countries, a few products

Experts acknowledge that for African countries to be able to capture more trade opportunities they need to diversify their products. At present, regional economic arrangements "exhibit narrow patterns of trade, depend on primary products and involve low levels of inter-country trade," says Mr. William Amponsah, an associate professor of international trade and development at North Carolina State University in the US. Since most African countries produce and export raw materials, not processed goods, there is little that they are interested in importing from each other.

Intra-African trade is dominated by a handful of countries, selling a handful of products. In sub-Saharan Africa (excluding South Africa) five countries — Côte d'Ivoire, Ghana, Kenya, Nigeria and Zimbabwe — provide about three-quarters of all intra-African exports, the World Bank reports. Of key importance to this trade are primary products. Petroleum alone accounts for more than 30 per cent of this exchange, and cotton, live animals, maize and cocoa add a further 18 per cent. To a lesser extent, fresh fish, vegetables, tea and sugar are also traded. Manufactured goods account for only about 15 per cent of such activity, notes a recent World Bank study, *What Can Be Expected from African Regional Trade Arrangements?* These include yarn, medicines, iron and steel, chemicals and industrial machines and equipment.

For individual countries, a few commodities often make up the bulk of exports to the rest of the continent. In Angola, for exam-

ple, petroleum and petroleum products make up more than 90 per cent of exports to other African countries. In the Seychelles, fresh fish constitutes nearly 98 per cent of such exports. Because of very limited diversity of products, the same primary products also tend to dominate Africa's trade with the rest of the world, notes the author of the World Bank study, Mr. Alexander Yeats.

More open trade

Current efforts at regional integration date back to 1994 when the Abuja Treaty, acceded to by members of the then-Organization of African Unity, took effect. The treaty calls for a phased approach to integration culminating in the establishment of an African Economic Community. The first stage was to involve the elimination of tariffs on goods traded within the various regional economic communities to create free trade areas. Non-tariff barriers would also be eliminated and a common external tariff adopted to form a customs union. Higher trade taxes on the continent compared to other regions are among the factors discouraging trade among African countries.

The phased approach outlined in the Abuja agreement, such as reducing tariffs selectively at a regional level, has been implemented only in parts of a couple regions. To a great extent, it has been superseded by the type of across-the-board trade liberalization promoted through the structural adjustment programmes financed by the World Bank and International Monetary Fund (IMF).

In 1990, the IMF classified 75 per cent of countries in sub-Saharan Africa as having "restrictive" trade policies. Now, only 14 per cent are still considered restrictive. The situation is still far from ideal, notes the IMF, as average tariffs of 19 per cent in Africa are still higher than the 12 per cent average in the rest of the world. The IMF recommends further liberalization if the continent is to avoid marginalization from global trade.

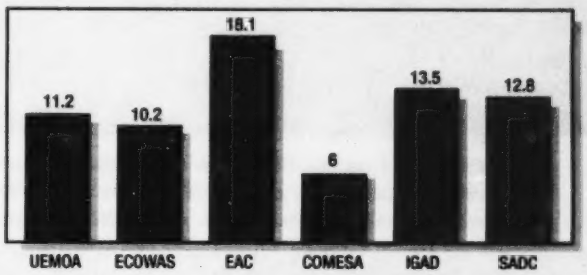
African tariffs on raw materials such as fibres remain high. Taxing key inputs for labour-intensive industries like clothing and textiles, which Africa has a comparative advantage to produce and export, is counter-productive, the World Bank notes. High tariffs on fertilizers, pesticides and agricultural chemicals constitute "an important disincentive to local production for export," notes the Bank study. Tariffs on essential inputs in farm production such as fertilizers (produced by a number of African countries) average four times those imposed in Southeast Asia.

What about production?

While reducing some tariffs may make sense, critics of liberalization point out that the narrow focus on sweeping tariff reduction over the last two decades has neither increased trade nor boosted production. Before structural adjustment took hold in Africa, many governments sought to industrialize their economies through policies of import substitution. In other words, they used trade measures — such as charging high tariffs on imports of goods produced domestically — to encourage the local manufacture of these products. But structural adjustment and the advent of World Trade Organization rules governing global trade have precluded such policies.

Where current economic development policies are leading still remains unclear, notes a study by Yilmaz Akyüz and Charles Gore of the UN Conference on Trade and Development (UNCTAD). What is certain, however, is that across Africa many incentives to promote industrial development have been dismantled through structural adjustment, the study notes. "The immediate impact has been widespread de-industrialization." While in 1980 there were 14 countries in sub-Saharan Africa with per capita manufacturing production comparable to Indonesia, by 1995 these countries had all been overtaken by that Asian nation, according to the UNCTAD study. In Ghana — a star performer of structural adjustment — employment in the manufacturing sector fell from a peak of 78,700 in 1987 to 28,000 by 1993. Large sections of the country's manufacturing industry were devastated by the removal of tariffs and state supports, as cheaper imports from outside Africa eroded their competitiveness, the UNCTAD study notes. What is more disturbing, Akyüz and Gore say, is that Ghana's potential to manufacture and export garments, footwear, toys and other light consumer goods cannot be realized in the face of stiff external competition. "There is a need for a more active state role than permitted under adjustment programmes," so as to better support African industrialization.

Exports within African regions
(as average % of countries' total exports)



Note: For all other African regional groupings, the average ranges between 4% and 0.3%.
Source: UN Africa Recovery, from ECA data.

Nurturing the small-scale sector

As African countries pursue more trade opportunities, they will also require a dynamic private sector to play a role. In many African countries the private sector is often made up of a few giant multinational corporations at one end and a large but small-scale informal sector at the other. One of the challenges facing African policymakers is how to deal with a small-scale sector that is responsible for a significant portion of production, trade and services.

While the informal sector is "the driving force of most economies in Africa, it is largely unregulated, has little access to finance, is often not taxed and its contribution to the economy is largely unrecorded," says Ms. Adelaide Mkhonza, an assistant secretary-general at the African, Caribbean and Pacific Group of

Impact Visuels / Wim van Cappellen

Africa's informal sectors are "larger, more dynamic and more regionally integrated" than the official economies.

States (ACP), a trading and aid bloc linked with the European Union. Africa cannot continue to ignore this sector if integration is to succeed, notes Ms. Mkhonza. A major critique of current regional integration efforts in Africa is that their design and objectives are driven by a preference for formal rather than informal trade. Ms. Mkhonza views the sector as an effective means of integration from below, as small-scale trade is often conducted and driven by the needs of indigenous traders rather than governments or international agencies.

"There is a real economic integration going on at the informal level," concurs the non-governmental InterAfrica Group (IAG). For many years it has been recognized that many countries' real economies "have been mostly informal and much larger, more dynamic and more regionally integrated than their official economies."

African countries are grappling to undo a legacy dominated by trade with their former colonial rulers rather than with each other.

But in the past, informal trade among African countries was often viewed as synonymous with smuggling. Small-scale, cross-border traders were seen as seeking to exploit differences in national pricing policies, mainly on agricultural goods. The informal sector sometimes was also associated with corruption, violent conflict and drug trafficking, and therefore was not actively promoted through government policies. In an era of state monopolies, anything beyond government control was deemed a potential political threat.

It is only during the last two decades that African countries have begun to place a higher priority on trade with each other, reports the African Development Bank (ADB), and in the process are increasingly viewing the informal sector as a partner. In its 2002 *Annual Report on Integration in Africa,* the ECA points to the recently reconstituted East African Cooperation (formerly the East African Community) as an example of a regional trade bloc beginning to incorporate the informal sector into its activities and policies. This is attributed to the realization of the significance of the cross-border activities taking place in Kenya, Uganda and Tanzania, the three members of the community.

In a recent joint statement, the community's three presidents, Daniel arap Moi, Yoweri Museveni and Benjamin Mkapa, pledged to focus on areas that would have the greatest impact on poverty reduction, such as infrastructure provision, cross-border trade and the promotion of the informal sector.

To mobilize all the resources Africa requires for effective integration, says ECA Executive Secretary K.Y. Amoako, "we must broaden our perception of the private sector to include ordinary citizens, staple food growers, cash crop farmers, taxi drivers, small enterprise owners, traders and street vendors."

Encouraging investment

To enhance intra-African trade, countries also will need to attract the private sector — both domestic and foreign — notes Mr. Cyril Enweze, former vice-president of the ADB. Respect for the rule of law and clear, consistent and predictable macro-economic policies are prerequisites for a suitable business environment, Mr. Enweze told *Africa Recovery.*

"It is no secret that the African continent is perceived as one in which there is so much turbulence, war, civil disturbance, civil strife, confusion, political instability and so on," he says. And in many developing countries the lack of credible macro-economic policies keeps industry away. Policies change too frequently and so "businessmen do not know, from one day to the other, one week to the other or one month to the other, exactly what is going to happen."

Another missing ingredient in the formula is an efficient transport and communications system. Poor infrastructure is a major cause of Africa's low competitiveness, notes Mr. Enweze.

For every 100 people in Africa there are 1.2 telephone lines — the lowest rate in the world. Telephone calls between African countries can be 50-100 times more expensive than they are within North America, according to the World Bank, while freight costs for imports to landlocked African countries are more than twice as high as in Asia. In order to allow trade to flow regionally, investment in physical infrastructure — roads, railways, power lines, air services and telecommunications — is necessary.

Ultimately, the benefits of creating regional markets in Africa are many. Integration would enhance industrial efficiency as larger markets allow exploitation of economies of scale, notes Prof. Amponsah of North Carolina State University. Mobility across borders and harmonized policies could spur faster economic growth and provide greater opportunities to attract investors.

"Regional trade agreements can help countries build on their comparative advantages, sharpen their industrial efficiency, and act as a springboard to integrate into the world economy," he says. A more open continent will "build credibility for Africa's best reformers in the eyes of the world and, hopefully, reward them with greater access to markets." ■

Building an efficient road network

Public-private partnerships hold the key to regional infrastructure

By ***Gumisai Mutume***

As far back as the 1960s, architects of African integration agreed that building infrastructure was vital to lubricate the wheels of intra-African trade and distribute its benefits regionally. The continent's leaders embarked on ambitious projects such as the trans-African highways — segments of which would eventually stretch from Cairo to Dakar, Tripoli to Windhoek and Lagos to Mombasa. These would provide access to the sea to 15 landlocked countries and improve regional links.

"Unfortunately, like the economic integration process, regional infrastructure cooperation and integration has not been an outstanding success," notes eminent Nigerian scholar and proponent of integration, Prof. Adebayo Adedeji. At the turn of the millennium a major drawback to trade among African countries remains the dire lack of infrastructure.

Africa lags behind the rest of the world in all aspects of infrastructure development — quantity, quality, cost and access. In 1997, Africa (excluding South Africa) had 171,000 kilometres of paved roads — about 18 per cent less than Poland, a country roughly the size of Zimbabwe. As efforts to complete the trans-African highways continue, the quality of existing roads is deteriorating. In 1992 about 17 per cent of sub-Saharan Africa's primary roads were paved, but by 1998 the figure had fallen to 12 per cent, reports the World Bank. Today, more than 80 per cent of unpaved roads are only in fair condition and 85 per cent of rural feeder roads are in poor condition and cannot be used during the wet season. In Ethiopia, 70 per cent of the population has no access to all-weather roads.

In many countries, roads are concentrated in urban areas or around coastal ports — trade routes established during colonial times for the overseas shipment of commodities. Far fewer roads link neighbouring countries in regional networks.

UN / Betty Press

Crowded road in Dar es Salaam, Tanzania: There are too few roads in Africa, and they are deteriorating.

Costly transport woes

Poor infrastructure makes the costs of transporting goods in Africa among the highest in the world, notes ECA Executive Secretary K.Y. Amoako. African goods are therefore less competitive with those from other regions.

A poor transport system "acts as a non-tariff trade barrier," concurs Prof. Kenneth Button, a public policy expert at George Mason University in the US, who has conducted transportation studies for the European Union.

World Bank studies show that a 10 per cent drop in transport costs could result in a 25 per cent increase in total African trade. The Bank also concludes that only about 25 per cent of the decline in Africa's share of world exports can be attributed to poor prices, while the rest is due to non-price factors such as poor infrastructure and information services.

Bad roads, aged vehicles and lax regulations also cost lives. The continent's road fatality share is three times as large as its share of motor vehicles. In a sample of African countries, 339 deaths per 10,000 vehicles were reported in 1996. In comparison, the average death rate in the world's 10 most highly motorized countries was 2.3 per 10,000 motor vehicles that year, according to the Global Road Safety Partnership, a worldwide road safety organization.

Financing gap

As moves towards regional integration gain momentum, ways of overcoming Africa's transport problems are being sought. Building infrastructure involves significant initial outlays of capital and continuous expenditure on maintenance and management. "Most African governments are in no position to provide this on any significant scale," notes Prof. Button. Therefore, international agencies have traditionally been major contributors.

Crude estimates show that $18-25 bn per year is required to provide adequate infrastructure in Africa. The continent currently only invests about $5 bn annually.

Commercialization of infrastructure delivery may be the answer, suggests Alhaji Bamanga Tukur, former director of the Nigerian Port Authority. He says the private sector in Africa has

tremendous capacity to develop infrastructure if there is a transparent and supportive policy environment. Mr. Tukur gives the example of MTN of South Africa and Econet of Zimbabwe, two companies that recently won tenders to operate a mobile telephone system in Nigeria. Of note, he says, was that 50 per cent of the total capital, $500 mn, was mobilized within Nigeria.

Partnerships

The state, however, cannot be allowed to abdicate its role as the dominant provider of infrastructure, especially in rural areas where development remains dependent on public or donor funding, says Social Affairs Minister Dolor Ernesta, of the Seychelles.

Mr. Ernesta argues that private investors will rush into sectors with quick returns, such as mobile telephones, but "it does not make economic sense [for them] to become engaged in many of the infrastructure developments that we need to implement in Africa."

These include building roads at great cost and little or no returns in remote rural areas. In Ethiopia, for example, bringing 90 per cent of the population within 20 kilometres of an all-weather road would cost an estimated $4 bn — equivalent to 75 per cent of annual gross domestic product.

In any case, the record of the private sector in infrastructure investment in Africa has been poor. Between 1982 and 1994 private companies financed projects worth $340 mn, notes the ECA. In comparison, Latin American private companies invested $10.5 bn in infrastructure during the same period.

Some countries are introducing innovative ways of bringing the state and the private sector into joint ventures to raise capital. In South Africa, the BOT (build, operate, transfer) and FROM (finance, rehabilitate, operate and maintain) systems rely on private finance to design, construct and maintain roads. Once the roads are built, private operators charge tolls to recover costs and realize a reasonable return on investments before transferring ownership to the state.

In other parts of Africa, road funds overseen by public-private boards have been established. They are run independently, include road users on their boards and are subject to external audits. Money is raised from vehicle licences and user fees and jobs are contracted out to private developers.

While adequate infrastructure is essential for helping to promote trade among African countries, increased regional trade, in turn, could stimulate the growth of regional transport networks. The persistence of the trade patterns inherited at independence has been a factor holding back the development of integrated infrastructure in Africa, says Prof Adedeji. "As long as Africa's trade pattern does not change in form, content and direction, the impetus to alter the continent's infrastructure systems will remain timid." ■

Making African integration a reality

from page 14

speed. Because of its common currency and elimination of tariffs within the UEMOA, its economies are already more closely integrated than the economies of other ECOWAS countries. This, in turn, is helping encourage the rest of the ECOWAS members to step up their own integration efforts.

Untangling the confusion

How quickly — and how well — Africa moves toward integration will depend to a great extent on reforming its existing regional institutions. This includes not only opening them up to greater participation by civil society groups and local business interests, but also streamlining the continent's confusing multiplicity of organizations. In addition to continent-wide institutions such as the African Union, there are more than a dozen general "regional economic communities" (RECs). There also are well over 100 other multinational or bilateral groups devoted to fostering cooperation around specific activities, such as telecommunications, aviation, maritime transport, banking, river management, agriculture and so on.

Created at different times for different purposes, the structures, mandates and memberships of Africa's RECs are frequently overlapping — and sometimes contradictory. "These pieces of the puzzle, in fact, do not fit together very well," says Mr. Amoako.

All but a couple of African governments belong to two or more RECs (see map, page 15), as well as to many of the issue-specific groups. With so many other spending priorities at home, they often are unable to keep up with their multiple dues and assessments. In 1993, COMESA and CEMAC were able to collect almost all their assessments, but by 1998 the proportion had fallen to around half. And even when countries are able to pay, Mr. Adedeji observes, "the resources made available to regional organizations are resources denied to the people of those countries."

Overall, says Mr. Amoako, "Africa's current system is too complex, too duplicative, and requires too much political energy and money for what is being produced." Therefore, a key challenge facing African leaders over the coming years will be to find ways to rationalize the continent's "plethora of integration institutions."

The goal, Mr. Amoako adds, should not just be to reduce unnecessary costs. Above all it should be to "create truly robust institutions strong enough to produce solid gains for all members." The integration of Africa may be a complex process, but the stakes are high, and will ultimately determine "our political and economic future." ■

The African Union is launched

Hopes for a Union responsive to the people of Africa

Thirty-nine years after the Organization of African Unity (OAU) was launched to end colonialism and unite the peoples of Africa, the continent's leaders inaugurated its successor, the African Union, in Durban, South Africa, this July. The new organization inherits the OAU's mantle of pan-Africanism but has a broader mandate to meet the challenges of a rapidly globalizing era. "The time has come that Africa must take her rightful place in global affairs," declared South Africa's President Thabo Mbeki at the inauguration. "The time has come to end the marginalization of Africa."

The OAU helped decolonize the continent, but was often criticized for failing to address many other issues, including Africa's growing poverty and fragile economies. For much of the past four decades, most OAU member governments were not democratically elected.

UN/ Eskinder Debebe

At AU launch, from left: Thabo Mbeki (South Africa), Kofi Annan (UN), Joaquim Chissano (Mozambique), Gnassingbé Eyadéma (Togo), Muammar el-Qaddafi (Libya).

Increasingly, there are widespread demands "for an African Union responsible to the people of Africa, not just the states of Africa," Ms. Lalla Ben Barka, deputy executive secretary of the UN Economic Commission for Africa, told a civil society symposium before the AU launch. "They want a forceful African Union."

Large and complex

While the OAU was in principle a political organization, the AU emphasizes economic integration as the route to political unity. It is made up of all the former OAU member states. (Morocco remains outside the AU, having withdrawn from the OAU in 1984 in protest against the admission of Western Sahara, a former Spanish colony it claims as part of its territory.)

The Union expects to create 17 constituent bodies, four of which were set up at Durban: the Assembly, Commission, Executive Council and Permanent Representatives Committee.

The main decision-making organ, the Assembly of heads of state, will meet annually and President Mbeki will serve as its first chairman. Below it is the Executive Council, made up of foreign ministers. The Commission, which will oversee the day-to-day running of the AU, will comprise 10 members and, under the rules, 5 must be women. Based in Addis Ababa, Ethiopia, the Commission will be chaired on an interim basis by outgoing OAU Secretary-General Amara Essy. Finally, the Permanent Representatives Committee consists of ambassadors and other officials accredited to the AU.

In Durban, heads of state also agreed to establish a Peace and Security Council, made up of 15 nations. According to the Constitutive Act of the AU, the organization has the right to "intervene [upon decision of the Assembly] in cases of war crimes, genocide and crimes against humanity." The lack of such powers resulted in much criticism of the OAU, especially over the 1994 genocide in Rwanda. A stand-by peacekeeping force, drawn from African armies, will ultimately be established under the authority of the Security Council.

A "peer" review mechanism, whereby heads of state commit to good governance practices and regularly review each other's performance, will also be established. Its mandate and organization are not yet clear, but diplomats in Durban noted that membership would be voluntary. However, the idea has raised concerns that donor countries could use it to oversee the internal affairs of AU members.

Towards broader participation

In the future, the Union intends to set up a Pan-African Parliament in which at least one-fifth of representatives should be women. In contrast to the OAU, the AU has adopted gender equality as one of its principles. The one-fifth minimum requirement for the parliament is a significant improvement on the levels of female representation in national legislatures of many African countries. Africa is "the only continent to have made such a commitment in the mainstreaming of gender within its continent-wide body," noted the Zimbabwe Women's Resource Centre and Network.

The AU plans to eventually set up an African Court of Justice. However, an earlier proposal for an African Court on Human and People's Rights has been ratified by only a handful of nations. The powers given to any new pan-African judicial system will be critical, say civil society organizations in Africa and abroad.

The AU "will only succeed if it replaces the culture of impunity with a culture of accountability," says the Africa director of the US-based Human Rights Watch, Mr. Peter Takirambudde.

Another AU body, which civil society organizations say could broaden participation, is the Economic, Social and Cultural Council. It is expected to draw its members from non-governmental social and economic groups in member countries. The Council will be a major policy-making organ of the African Economic Community, whose creation is a long-term goal of the AU. However, the Council is still to be established, and the Assembly will determine its functions, powers and composition.

"It is regrettable that the initial emphasis was placed on the executive branches of the Union," Pan-African Movement General Secretary Tajudeen Abdul-Raheem said in Durban. "The challenge now is to identify those institutions that will give a voice to ordinary Africans." ■

Africa still waiting for genuine 'partnership'

from page 1

development lies with Africans themselves, and that they should work much harder to mobilize more resources from within the continent. But given the weakness of African economies and societies, they also recognized the need for more help — "partnership" — from abroad.

The leaders of the world's eight richest countries maintained that the "Africa Action Plan" they adopted at their summit in Kananaskis, Canada, had laid "a solid foundation" for future cooperation. Nigerian President Olusegun Obasanjo thought it was "just a beginning." More sceptically, Mr. Stephen Lewis, the UN's special emissary for HIV/AIDS in Africa, wondered (in his personal capacity) if the promises would turn out to be "orchestrated hype rather than reality."

UNICEF / 93-1197 / Cindy Andrew

Donor aid pledges continue to fall short of Africa's needs.

Much will depend on whether the commitments by both Africa and the G-8 are put into practice, said UN Secretary-General Kofi Annan. If they are, then Kananaskis "might come to be seen as a turning point in the history of Africa, and indeed of the world."

Besides Mr. Obasanjo, three other African presidents travelled to the summit — Thabo Mbeki of South Africa, Abdoulaye Wade of Senegal and Abdelaziz Bouteflika of Algeria. It was the first time the G-8 had invited such participation from outside the exclusive grouping, and symbolized the degree to which international attention has been focusing more on Africa.

The African presidents went to Kananaskis with some justified hopes. A year earlier, at the G-8 summit in Genoa, the group had already signalled its strong interest in NEPAD. Then at a March 2002 UN-sponsored conference on financing for development in Mexico, several leading G-8 leaders, including UK Prime Minister Tony Blair and US President George Bush, proclaimed their desire for closer partnership with Africa, including through increased aid (see *Africa Recovery*, April 2002).

But in the weeks leading up to the 26-27 June Kananaskis summit, the limitations of that support became increasingly evident. Not only did the aid pledges still fall far short of Africa's financing needs, but they would scarcely make up for the steady decline in aid to Africa since the mid-1990s. Any new money, moreover, would be highly conditional and restricted to those countries that meet the G-8's political and economic criteria.

Against this backdrop, African presidents did not go to Kananaskis looking for a "magic wand from our development partners," said President Obasanjo. "We are keeping our expectations to realistic levels."

The African leaders also knew that there would be other opportunities to promote their case internationally. As President Mbeki and Mr. Annan emphasized, the World Summit for Sustainable Development in Johannesburg would provide an occasion to further spotlight Africa's concerns (see page 27). So would the UN General Assembly session a few weeks later, at the end of September, to review the decade-long UN New Agenda for the Development of Africa in the 1990s (see page 30).

"We must guard that NEPAD is not being turned against us as a tool for new conditionality."

— Nigerian President Olusegun Obasanjo

Endorsement of NEPAD

As anticipated, the G-8's Africa Action Plan did give a strong stamp of approval to the NEPAD programme. To support its objectives, each G-8 country pledged to establish "enhanced partnerships with African countries whose performance reflects the NEPAD commitments."

The Africa Action Plan carefully specified that each G-8 country would individually make its "own assessments" of the NEPAD programme and which African countries to support. This established that none of the G-8 members would feel bound by the specific priorities highlighted in NEPAD — or even in the action plan itself.

Overall, the G-8 plan selected certain parts of NEPAD for special emphasis, most notably those relating to good governance and peace and security. The need for significant new public and private investments in roads, railways, air transport, energy networks and other physical infrastructure — a very prominent element in NEPAD — was scarcely mentioned. The need to diversify African economies — so that they can produce and trade a wider variety of goods — was another NEPAD priority that was passed over.

By contrast, the G-8 enthusiastically welcomed the decision of a number of African governments to develop a "peer review" mechanism, which it considered "an innovative and potentially decisive element" in NEPAD. Under such a process, promoted by NEPAD's 15-country Implementation Committee, African leaders would review and assess each other's conduct according to defined standards of good governance and economic performance. African governments, however, have not yet agreed on those standards, and some remain highly sceptical of the very concept of peer review.

New strings

One reason for African caution is fear that donors may use adherence to the peer-review standards as another way of attaching yet

more conditions to their support. The G-8 plan did in fact declare that the "peer-review process will inform our considerations of eligibility for enhanced partnerships." Some support will also be extended to countries that "do not yet meet the standards of NEPAD," but are seen to be moving in that direction. However, the G-8 added, it would not work with other governments, except to alleviate humanitarian emergencies.

With many Africans already becoming resentful of the numerous conditions attached to donor assistance — in ways that sometimes seem contradictory or arbitrary — such explicit affirmations from the G-8 helped fuel further debate around NEPAD during the inaugural summit meeting of the African Union in Durban less than two weeks later. The outspoken Libyan leader, Colonel Muammar el-Qaddafi, received some applause from the heads of state when he declared, "We accept help, but we refuse conditions. We are not beggars."

Previously, President Obasanjo similarly warned that "we must guard that NEPAD is not being turned against us as a tool for new conditionality."

The effusive praise of NEPAD by the G-8 and other donors also has aroused suspicion among African civil society organizations. In April, a joint declaration by the Council for the Development of Social Science Research in Africa and the Third World Network-Africa maintained that despite NEPAD's claim that it is African in origin, "its main targets are foreign donors, particularly in the G-8." As a result, it said, there is a "neo-liberal economic policy framework at the heart of the plan."

How much more aid?

Shortly after the G-8 summit in Genoa last year, African leaders said they would come to Canada with a list of NEPAD projects for which they would seek concrete donor commitments. As an example, President Mbeki cited plans for an extensive regional hydroelectric scheme at the Inga Falls, on the Congo River.

By the time of the Kananaskis summit, however, the notion of project financing had been dropped, amid indications that some donors were reluctant to make such specific pledges. No new fund would be set up for Africa, Canadian Ambassador to the UN Robert Fowler announced on the summit's eve. The G-8, he said, would not take up "projects to be carried out by countries or groups of countries, but only broad directives."

Canada was active before the summit in trying to get other G-8 members to make significant new aid commitments. Canada itself pledged C$500 mn (US $330 mn) for Africa, and UK Prime Minister Tony Blair told aid agencies just before his departure for Kananaskis that his government would increase annual aid to Africa to £1 bn ($1.4 bn) by 2006 (compared to around £780 mn in 2000).

According to news reports, the leaders of Germany, France and Italy also were open to the idea of a major G-8 commitment, but the US, Japan and Russia felt they could not pledge more than they already had, partly because of domestic economic difficulties. US officials, for example, said that previously announced initiatives to provide $500 mn to stop mother-to-child transmission of HIV/AIDS globally and $100 mn for education in Africa should be regarded as part of the US support for the Africa Action Plan.

The plan itself repeated the donor commitment during the Mexico conference to collectively provide $12 bn more in annual aid by 2006. Each G-8 member would decide on its own how to allocate that additional money, the plan said. But it added: "Ass[illegible] strong African policy commitments, and given recent assistance trends, we believe that in aggregate half or more of our new development assistance could be directed to African nations that govern justly, invest in their own people and promote economic freedom."

In other words, the most Africa can expect from the G-8 would be an additional $6 bn annually (by 2006). This would represent a notable increase over the $12.7 bn sub-Saharan Africa received in 2000, but would still not reach the peak level of $18.9 bn in 1994, unless other donors also contribute more.

The NEPAD programme estimates that for Africa to achieve 7 per cent annual economic growth and reduce the number of people living

Sustainable development summit will be test of G-8 commitment, Annan says

The world will be watching the leaders of the richest countries to see if they live up to the pledges they have made to Africa, UN Secretary-General Kofi Annan said at the close of the Group of Eight (G-8) summit in Kananaskis. A key test, he said, will come at the UN-sponsored World Summit for Sustainable Development in South Africa, "in the heart of a region acutely affected by poverty, by the HIV/AIDS epidemic, and now also affected by a terrible drought, with a serious threat of famine in several countries." He urged all the G-8 leaders to attend the summit, to be held 26 August — 4 September in Johannesburg.

Reducing global poverty and meeting sustainable development goals face the "toughest challenge" in Africa, Mr. Annan stated in a letter to the G-8 before his departure for Kananaskis. And it is "in Africa that their achievement will depend most crucially on international solidarity."

President Mbeki, the Johannesburg summit host, also stressed the importance of ensuring that it leads to implementation of the pledges made ten years ago at the UN Conference on Environment and Development (the Rio "Earth Summit"). Among those commitments was a significant rise in the incomes and opportunities of poor people, since poverty has been a key factor in overfarming, tree-clearing and other environmentally damaging practices in Africa and other developing regions.

"People continue to die of hunger," President Mbeki said on the eve of the G-8 summit. "Babies get born, grow up and die without being able to read or write. Many fellow humans do not have clean water to drink. And people die of curable diseases. The gulf between rich and poor members of the human race widens as we speak."

The responsibility for changing these conditions rests first and foremost with the leaders of Africa and other developing regions, Mr. Annan said in his letter to the G-8. Progress has been made in establishing democratic systems in most African countries, and Africa's NEPAD programme rests on improved governance, respect for human rights and public accountability. Yet even Africans' best efforts will be insufficient unless they receive greater international support. Mr. Annan recommended a series of concrete steps:

- Open Northern markets to more exports from poor developing countries
- Increase official development assistance by an additional $50 bn a year globally
- Provide greater and speedier debt relief
- Ensure that primary education becomes available to all children
- Help stem the spread of killer diseases such as HIV/AIDS, tuberculosis and malaria.

Nowhere, Mr. Annan said, are such steps more urgently needed than in Africa.

in poverty by half by the year 2015, the continent will need to fill an annual resource gap of about $64 bn. Much of that can be mobilized domestically, NEPAD's advocates argue, through increased export earnings and foreign investments and by reversing the flow of capital flight. But some African leaders were also hoping to receive $10-12 bn more a year in aid.

Despite their economic difficulties, the G-8 countries demonstrated an ability to mobilize considerably more money if the priority is high enough. During the Kananaskis summit, they collectively pledged $20 bn to help Russia dismantle its nuclear arsenal and another $20 bn to fight terrorist groups.

Commenting on the difficulties of raising funds to combat AIDS in Africa and elsewhere, Mr. Lewis asked, "Why is the war against terrorism sacrosanct, and the war against AIDS equivocal?"

Debt: business as usual

The section of the G-8 plan devoted to debt relief is among the shortest in the document. It focuses entirely on the Heavily Indebted Poor Countries (HIPC) initiative, launched by the World Bank and International Monetary Fund in 1996. It notes that under HIPC, 22 African countries that currently qualify will eventually receive a reduction of about two-thirds of their total debt burdens.

African countries have generally welcomed HIPC, but argue that it is too limited in scope and too slow in delivering concrete relief. As of December 2001, only 10 HIPC countries had part of their actual debt servicing suspended, and of those, only four had major portions of their debts effectively cancelled by April 2002.

The only new element in the Africa Action Plan was a pledge that the G-8 countries "will fund our share" of the shortfall in the HIPC Trust Fund. Set up as a way for donors to help HIPC countries write down debts owed to the World Bank and IMF, the fund is about $1 bn short of current needs.

At the summit, President Obasanjo suggested that Africa expected more and would regard action on debt as a "yardstick" by which to judge G-8 commitment. "While we are not asking for wholesale cancellation of all debts," he said, "we appeal to you, in the name of the partnership which we are aiming to build, and for the sake of common humanity, to examine the debt issue and deal with it on a case-by-case basis."

African anti-debt campaigners were more critical. Jubilee South Africa representative Neville Gabriel, speaking in Kananaskis, said the G-8 plan reflected no breakthrough on debt. Noting that HIPC had so far reduced only about one-fifth of eligible debt, he declared bluntly that the initiative "has failed." Both he and Ms. Njoki Njehu Njoroge, who heads the Washington-based 50 Years Is Enough Network, called for outright debt cancellation.

For a 'fairer trade regime'

Repeatedly, African leaders have insisted that they do not want to remain perpetually dependent on foreign aid or on loans that only generate more debt. Africa is resolved "to turn away from the begging bowl," President Mbeki stated on the eve of the summit. One of the best ways to do so, Africans argue, is to earn more from exports.

Unfortunately, world prices for many of the crops, minerals and other primary commodities that the continent sells abroad have fallen drastically over the past decade. Both raw materials and finished goods produced in Africa encounter numerous obstacles in gaining access to the most lucrative markets in the North.

At Kananaskis, President Mbeki and his colleagues continued to press for greater market access for African products. The G-8 pledged to do so, but made no new proposals. It pointed mainly to the ongoing negotiations within the World Trade Organization (WTO) and promised to take into

New Partnership for Africa's Development (NEPAD)

The New Partnership for Africa's Development (NEPAD) was initiated by several African presidents in early 2001, and subsequently adopted as the continent's main development framework at a July 2001 summit meeting of African heads of state. Dialogue around NEPAD's priorities is under way with the Group of Eight industrialized countries and other donors, and discussions have been spreading across Africa about this new vision for the future.

According to NEPAD, attainment of Africa's long-term development goals is anchored in the determination of African peoples "to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalizing world." It calls for a new relationship between Africa and the international community, in which the non-African partners seek to complement Africa's own efforts.

For Africa to develop, argues the New Partnership, three conditions must prevail:

- peace, security, democracy and good political governance
- improved economic and corporate governance
- regional cooperation and integration

NEPAD further identifies several priority sectors requiring special attention and action:

- physical infrastructure, especially roads, railways and power systems linking neighbouring countries
- information and communications technology
- human development, focusing on health and education, including skills development
- agriculture
- promoting diversification of production and exports, with a focus on market access for African exports to industrialized countries

To achieve 7 per cent annual economic growth and reduce the number of Africans living in poverty by half by the year 2015, Africa needs to fill an annual resource gap currently estimated at around $64 bn. Africa itself will need to mobilize more resources toward this end, NEPAD says, by taking steps to increase national savings by firms and households, ensuring more effective tax collection, rationalizing government expenditures, and reversing the flow of capital flight, in part by improving the conditions for domestic investments.

Many of the required resources will need to come from outside the continent, however. Most immediately, the international community can assist by significantly increasing flows of official development assistance, although such aid needs to be significantly reformed, since the way it is currently delivered "itself creates serious problems for developing countries." Creditors also should provide more debt relief, both for countries qualifying under the Heavily Indebted Poor Countries initiative and for those outside that debt-relief framework. In addition, more foreign investment is important, but given the current difficulties of attracting private capital flows to Africa, it can only be a "longer-term" answer to the continent's resource gap. Whatever help may come from outside, states the New Partnership, "Africa recognizes that it holds the key to its own development."

The full text of NEPAD can be accessed at the website: <http://www.gov.za/issues/nepad.htm>.

account "the particular circumstances, needs and requirements of developing countries, including in Africa."

This included a G-8 commitment to "substantial reductions in trade-distorting domestic support" in the developed countries themselves. Such subsidies, particularly in agriculture, tend to depress world market prices and make it extremely hard for African farmers to compete globally (see Viewpoint, right).

The European Union, however, has been resisting calls to scale back its very high support payments to European farmers. And the month before the G-8 summit, the US steeply increased its own farm subsidies. Currently, the US subsidizes each farmer an average of $21,000 per year, while the EU provides about $16,000, many times the annual per capita incomes of farmers in Africa and other developing countries.

"How in God's name can you promise a liberalized trading regimen on the one hand, while promulgating [such high] domestic agricultural subsidies on the other?", asked Mr. Lewis. "You effectively deliver a message to Africa that the new round of trade talks under the WTO are a Machiavellian illusion."

In Burkina Faso, one of West Africa's foremost cotton exporters, Agriculture Minister Salif Diallo declared in late July, "As long as Northern farmers continue to be subsidized in this way, we cannot compete on the world cotton market." Just a few days before the G-8 summit, the president of that country's main cotton farmers' association, François Traoré, said that as long as Northern countries subsidize their farmers, "they should stop talking to us about the struggle to reduce poverty," since such subsidies "contribute greatly to the deterioration of our incomes."

In light of such difficulties, President Mbeki argued that "fashioning a fairer trade regime" will be just as important as redefining the aid system, if Africa's NEPAD programme is to have a real chance of success. ■

VIEW POINT

How Northern subsidies hurt Africa

By Richard Mshomba

One of the many economic differences between developed and developing countries is that developed countries subsidize farmers while developing countries tax farmers. But what do agricultural subsidies in Canada, Japan, the US or the European Union (EU) have to do with Africa? Everything.

Developed countries subsidize their farmers at a rate of about $250 bn a year, 25 times more than the annual amount the UN estimates is needed worldwide to combat HIV/AIDS. Subsidies influence world prices, since they encourage farmers in developed countries to export more agricultural products than they would otherwise. Therefore, agricultural policies in developed countries should be of great interest to Africa and the rest of the world.

Jorgen Schytte

Cotton farmers in Burkina Faso: World prices are depressed.

Agriculture has been — and in the foreseeable future will continue to be — the backbone of sub-Saharan Africa's economy. The sector employs about 70 per cent of the labour force. Agriculture is the main generator of export revenue in the region.

Agricultural subsidies in developed countries reduce world prices, and thus the incomes of African farmers. World Bank studies suggest that US subsidies alone reduce West Africa's annual revenue from cotton exports by $250 mn a year. The EU also heavily subsidizes its farmers. The EU, which by the dictates of comparative advantage would be a net importer of many agricultural products, is the second largest exporter (after the US) of agricultural produce.

In 1993, during the last days of the General Agreement on Tariffs and Trade (GATT), the predecessor of the World Trade Organization (WTO), an agreement was reached requiring developed countries to reduce agricultural subsidies. However, even at the time of the agreement, it was clear that it had many loopholes and that only modest reductions in subsidies could be expected.

Worse still, countries were left with broad discretion that allowed them to increase subsidies on "sensitive" commodities. In practice, this refers to those commodities whose producers have strong political clout.

In May 2002, US President George Bush signed a farm bill that would increase subsidies by $83 bn over a period of 10 years. This will raise subsidies to cotton growers by more than 60 per cent. Therefore, other things being equal, cotton producers in East and West Africa and other developing areas should not expect the world price of cotton to go up anytime soon.

It is possible that the damage caused by agricultural subsidies in the US to African countries exceeds even the benefits that might come from the African Growth and Opportunity Act that gives African products preferential access to the US market.

African countries must continue to challenge the US and other developed countries to reduce agricultural subsidies. Agricultural subsidies in developed countries may seem good to importers of food. But in reality, some of those countries are food importers in part because of the subsidies. African countries must remember that higher world prices of agricultural products would encourage their own farmers to produce more, with the potential for their countries to become exporters of food. With that in mind, African countries must also continue to reduce domestic taxes on farmers.

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A 'disappointing' decade for Africa

Independent panel proposes UN General Assembly support NEPAD

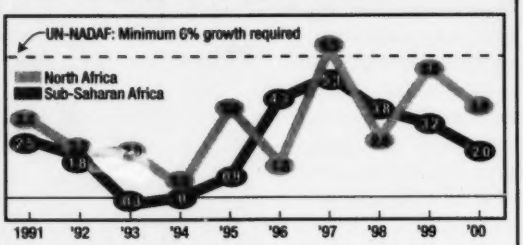
After surveying another decade of "poor economic performance" in Africa, an independent panel has called on the United Nations to throw its weight behind African leaders' own homegrown strategy, the New Partnership for Africa's Development (NEPAD). "What we are saying is simple," Prof. Kwesi Botchwey, chairman of the panel, said at an 11 June news conference at UN headquarters. "The only way to make progress in Africa is for there to be local ownership of development policy. Africa and Africans must drive the policy agenda."

Recent international agreements to promote peace and development in Africa have essentially failed, the panel's report concluded, noting that some 80 million more Africans live in poverty today than at the start of the 1990s. When the UN General Assembly convenes in September to evaluate the now-concluded UN New Agenda for the Development of Africa in the 1990s (UN-NADAF), it should not negotiate another international compact, but instead consider supporting NEPAD, the panel recommended.

For Africa's own programme to have a greater chance of success than past efforts, the panel argued, rich countries need to increase aid, provide greater debt relief and open their markets to African exports. The UN itself will need to increase and better coordinate its support for Africa. And African governments must do more to end armed conflicts and further democratize their societies. "Commitments must be kept on both sides," Mr. Botchwey stated.

UN Secretary-General Kofi Annan appointed the Panel of Eminent Personalities on the Independent Evaluation of the UN-NADAF in August 2001. It comprised a dozen individuals with extensive knowledge of African and development issues, headed by Mr. Botchwey, a former finance minister of Ghana (1982-95) and currently director of Africa research and programmes at the Centre for International Development, at Harvard University. They and a small team of consultants interviewed more than 300 individuals in a dozen African countries and a number of donor capitals.

Economic growth in Africa
UN-NADAF projection and actual



Source: UN Africa Recovery, from World Bank data.

Donor commitments not met

On balance, Mr. Botchwey said, the performance of African economies during the decade covered by the New Agenda "has been negative." The causes were both external and internal. "The decade was characterized by tremendous terms-of-trade losses," he said. "The resource flows that were supposed to help accelerate the growth of the region did not materialize. Donor commitments were not met."

To provide the minimum economic conditions for development and poverty reduction, the UN-NADAF had set a target of at least 6 per cent average annual economic growth. Yet throughout much of the decade, economic growth in Africa averaged only about 3 per cent, "a very disappointing result," the panel reported (see graph above).

To reach the 6 per cent level, the drafters of the New Agenda estimated that a minimum of $30 bn in net official development assistance (ODA) would be required from the donor countries in 1992, and that ODA would need to grow by an average of 4 per cent a year. Instead, aid to Africa fell from $28.6 bn in 1990 to $16.4 bn in 2000, a decline of 43 per cent (see graph next page).

During a decade of rapidly expanding global trade, Africa's export opportunities increased very slowly. In part, this was because African economies continued to rely on a very narrow range of primary commodity exports, while much of the expansion in global trade involved services and manufactured goods.

The UN-NADAF had proposed a diversification fund to help

UN New Agenda for the Development of Africa (UN-NADAF)

The United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) was adopted by the UN General Assembly in December 1991. It was a compact of mutual commitments by African countries and the international community. The New Agenda's goal was to accelerate the transformation, integration and diversification of African economies, reduce their vulnerability to external shocks, strengthen them within the world economy and enhance their self-reliance. Under UN-NADAF, both Africa and the international community agreed to:

African countries

- carry out economic reforms and improve domestic economic management
- promote regional and sub-regional economic cooperation and integration
- create a policy environment that would attract foreign and domestic private investment
- intensify democratization and improve human rights, living standards, support for children and equality of opportunity for women
- promote development that is environmentally sustainable
- improve agricultural policies and food security.

International community

- take "innovative and bold" measures for a durable solution to Africa's debt crisis
- provide additional resource flows to Africa, and work to attain the international target of providing 0.7 per cent of donor country GNP as official development assistance
- help African countries diversify their commodity exports and boost export earnings
- substantially reduce or remove tariff and non-tariff barriers affecting African exports
- support African efforts toward regional economic integration.

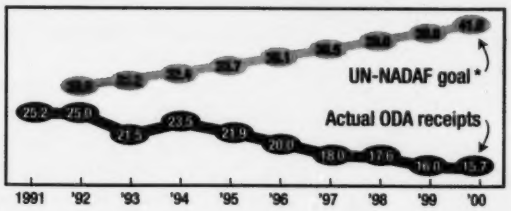
African countries broaden their production and export bases beyond primary commodities. Such a diversification fund, Mr. Botchwey noted, "was not in fact set up."

Instead of being allowed to pursue their own policies, African governments were obliged by the international financial institutions to adopt yet more structural adjustment measures — sweeping liberalization, privatization and other market-based reforms. These did help improve the macro-economic situation in Africa somewhat, the panel found, in particular by reducing inflation. But, said Mr. Botchwey, "short-term macro-economic stability was achieved at the expense of longer-term growth and structural transformation."

'Waywardness' in governance

Internal factors also contributed to the poor economic performance, the panel found. The continent's economic crisis was aggravated by "despotism and corruption," as well as by the proliferation of wars and civil strife. There was "a significant incidence of waywardness in economic and political governance," Mr. Botchwey said.

Aid to Africa
(net official development assistance, $ bn)



UN-NADAF projected $30 bn ODA in 1992, with a 4% increase each year after.
Source: UN Africa Recovery, from OECD data.

On the bright side, many African countries made significant strides in democratizing their political systems during the 1990s. "Free elections became more and more the norm rather than the exception," Mr. Botchwey observed. Civil society organizations flourished in much of the continent. The transformation of the Organization of African Unity into the new African Union, along with other regional initiatives, reflect a growing commitment by African countries to better coordinate and integrate their economies, transport systems and political relations.

The human dimension of Africa's development "witnessed mixed performance" during the UN-NADAF period, the panel reported:

- There have been slight improvements in enrolment in primary and secondary education compared to the 1980s. But these were insufficient to reverse the setbacks of the previous decade. Moreover, said the report, "in countries with adjustment programmes, governments were forced to slash already meagre education budgets and transfers to families."
- Throughout the 1990s and into the early years of this decade, the spread of major epidemics, especially HIV/AIDS, overwhelmed health systems in most of Africa. Governments cut already inadequate health budgets and shifted much of the cost of health care from public services to individuals. However, the panel noted, in April 2001 African countries committed themselves to allocating 15 per cent of their annual budgets to improving the health sector.
- Women throughout Africa have formed networks and partnerships to improve their conditions and opportunities. As a result, gender equity considerations have begun to be taken into account in African policies, programmes and administrative and financial procedures. However, women's representation in parliaments and other decision-making bodies remains low, while in most countries girls' enrolment in school lags far behind that of boys'.

UN / Evan Schneider

Kwesi Botchwey

Lessons for the future

To identify the conditions for success of any future African development initiatives, the panel drew some lessons from the past decade's experience. A number of African countries did, in fact, experience relative peace, sound development policies and improved international support, the report noted, demonstrating that progress is possible if those conditions can be created.

Achieving peace and security must be "the primary responsibility and highest priority of African countries, individually and collectively," the panel concluded.

Given the shortcomings of external economic prescriptions, the panel argued that every African country "must evolve its own development strategy." Donors and international financial institutions should in turn "do more than pay lip service to African ownership.... Democracy is undermined if elected African governments have policies imposed from outside, leaving their democratic institutions without any real choices."

Donors must also keep their commitments. "Africans have come to embrace improved standards of governance as a fundamental condition of economic development," the panel observed. "Donors also have an obligation to deliver on the promises they make regarding financial support." In particular, this should include:

- accelerated and increased debt relief, including "complete debt cancellation for countries with a track record of good policies and a transparent democratic environment,"
- genuine market access for goods produced in Africa,
- and increased aid "without conditionalities," except those that the countries themselves adopt as benchmarks for performance.

Another lesson is the continuing importance of "sustained advocacy for African development." The panel commended the UN for its consistent efforts to present Africa's case at various global conferences and for keeping Africa's challenges on the international agenda. However, it added, the UN needs to increase the efficiency and relevance of its own activities in relation to Africa.

In recommending that the UN support NEPAD, the panel acknowledged that the new African programme remains fragile and has yet to be translated into national or regional policies. Most seriously, it depends substantially on external assistance to implement a number of its aspirations. Donors, the panel argued, should demonstrate "a renewed commitment to the assurance of African leadership and the avoidance of a return to old-style conditionality that has been counterproductive in the past."

"Peer reviews" are already being developed among the major donor countries, to better monitor their own aid policies and practices. The panel recommended that such reviews be extended to cover all policies affecting Africa, "in particular those relating to trade and agriculture." And so that the assessments of aid recipients can be heard, it also suggested that African countries be included in the donor review process. ■

African economies show an upturn

But performance remains vulnerable and uneven, reports ECA

Contrary to expectations during this global economic slowdown, African economies grew by a robust 4.3 per cent in 2001, reports the UN Economic Commission for Africa (ECA). This was markedly higher than the 3.5 per cent growth rate in 2000, and made Africa the only developing region to register faster growth last year.

This year, Africa's gross domestic product (GDP) may expand by another 3.4 per cent, reports ECA's *Economic Report on Africa 2002*, released in July. Even this somewhat slower growth will still be above the continent's average population growth rate (of around 2.6 per cent), translating into continued, though modest, gains in per capita income. In light of the economic recovery in an increasing number of African countries since the mid-1990s, there is solid ground for "cautious optimism" about the continent's medium-term prospects, says ECA.

Forecasts made shortly after the 11 September 2001 terrorist attacks in the US predicted that economic growth in Africa would stagnate because of lower world prices for the primary commodities that Africa exports and reduced private capital flows, including foreign direct investment. Economic activity did slow significantly in all seven of the major industrialized countries, and world trade grew by no more than 2 per cent overall. But this downturn had a less pronounced impact on Africa than expected.

The reasons, according to ECA, were multiple:

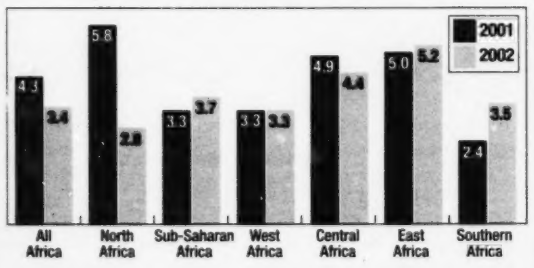
- Oil prices remained lower than in previous years, helping ease pressures on foreign exchange, inflation and public spending in the 42 African countries that import oil.
- Thanks to favourable rainfall, agricultural output continued to improve across much of Africa.
- In many countries, better economic management brought lower inflation, improved public revenues and a stronger external financial position.
- Exports to the US grew more than anticipated.
- Conflict and insecurity declined in a number of countries, including Burundi, the Democratic Republic of Congo, Eritrea, Ethiopia, Guinea and Sierra Leone.
- The currency in South Africa — the continent's largest economy — depreciated, stimulating exports.
- Domestic demand rose across Africa, reflecting increases in average per capita incomes, and was buoyed in some countries by more remittances from migrant workers.

Mixed performance

The ECA cautions that such factors should not be overstated. "Many African countries are dependent on international markets, and sharp and sustained deterioration in global conditions will eventually take a toll on the region's economies." That is the main factor influencing ECA's prediction of somewhat slower growth in 2002.

That slowdown will be felt mainly in North Africa, where the largest economies — Algeria, Egypt and Morocco — are more closely integrated with global markets than most other countries in Africa (see graph). By contrast, the growth rate in sub-Saharan Africa is projected to rise, from 3.3 per cent last year to 3.7 per cent in 2002. Within sub-Saharan Africa, Central and East Africa performed the best in 2001. West Africa matched the sub-Saharan average, while Southern Africa dipped to a low 2.4 per cent, mainly because of slow growth in South Africa and actual decline in Zimbabwe (see box).

GDP growth in Africa
annual % change, 2001 and 2002



Source: UN Africa Recovery, from data in ECA, Economic Report on Africa 2002.

Overall, the number of African countries with growth rates exceeding 3 per cent increased from 26 in 2000 to 37 in 2001, and may rise to 40 this year. Taking into account average increases in population, 30 African countries achieved per capita income growth above 1.5 per cent in 2001, with another two countries expected to do so this year. This may have positive implications for reducing poverty, ECA notes, but is still much too low to achieve the UN's Millennium Assembly goal of cutting poverty in half by 2015. (That goal appears even more remote in Africa's 33 least developed countries, where a separate study by the UN Conference on Trade and Development points to steadily increasing poverty rates; see page 9.)

Commodity prices

With Africa so dependent on exports of raw materials, trends in world commodity prices have had a great impact on general economic performance. The drop in oil prices in 2001, following a 56 per cent increase over the two previous years, was good news for Africa's oil-importing countries. It freed up scarce resources for other essential imports and minimized inflationary and other pressures. Meanwhile, Africa's oil exporters were able to sustain growth despite the fall in oil prices, by using revenues earned during the boom of 1999-2000.

Commodity prices in general fell during most of 2001, in line with the strong downturn in global activity. This brought an end to the brief rally in non-oil commodity prices the year before. Africa's terms of trade show no signs of improving.

The ECA points to a couple bright spots. African exports to the US grew considerably, from an average of $1.5 bn a month in 1999 to $2.3 bn a month in 2000. But with the US economy slowing, those levels declined slightly during 2001.

Tourism will remain an important source of foreign earnings. Accounting for more than 11 per cent of sub-Saharan Africa's GDP, the sector is expected to grow by more than 5 per cent a year until at least 2010.

Earnings from merchandise exports brought Africa $133 bn in 2001, significantly up from $106 bn two years earlier. This, combined with debt relief to some countries, has reduced Africa's debt burden. According to ECA estimates, annual debt servicing as a percentage of

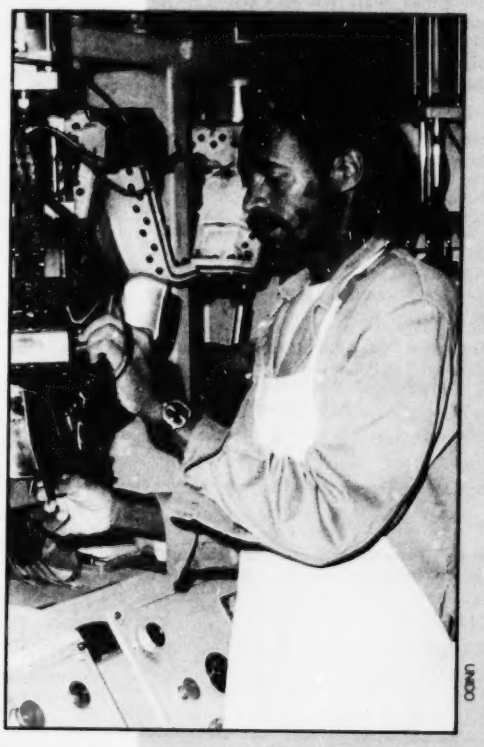
exports declined from 23.3 per cent in 1998 to 18.9 per cent in 2001. Over the same period, Africa's actual debt stock also fell, from $291 bn to $275 bn.

Simultaneously, however, continuing declines in aid have hurt Africa's financial position. Between 1991 and 1999, ECA reports, total aid to Africa fell by half.

'Emerging markets'

Although private investors shied away from "emerging markets" in other regions of the world after the 11 September attacks, they did not immediately pull out of Africa. In fact, the continent's five major emerging markets — Algeria, Egypt, Morocco, South Africa and Tunisia — saw a virtual doubling of private capital inflows between 2000 and 2001, from $4.9 bn to $9.5 bn. In addition, net equity investments jumped from $5.2 bn to $9.3 bn, mainly reflecting large-scale deals in Morocco and South Africa.

Elsewhere in Africa, stock markets had a mixed performance in 2001. Even in the five bigger emerging markets, last year's inflows are likely to be reversed in 2002, as investors become wary of the heightened risks in stock markets across the globe.



UNIDO

Leather goods factory in Ethiopia: Peace has helped economic growth.

Africa's overall share of foreign direct investment (FDI) in developing countries fell from 25 per cent in the early 1970s to just 5 per cent in 2000. However, ECA reports, this average masks some interesting new trends. Several of the smaller industrialized economies — Canada, Italy, the Netherlands, Norway, Portugal and Spain — have seen their share of FDI in Africa rise from 10 per cent to 25 per cent, reflecting some diversification away from France, the UK and the US.

Such external factors can have a big impact on Africa. But ultimately, argues the report, "Africa's future depends on how it addresses economic and political governance, resolves civil conflicts and responds to the need for deeper economic and social reforms." ■

Contrasting fortunes

Why have some African countries performed so much better than others? Sound economic policies and a judicious use of available resources supply part of the answer, says ECA's *Economic Report on Africa 2002*. Good governance, political leadership and efforts to curb corruption provide another part. By complementing its analysis of overall economic trends in Africa with detailed case studies of seven countries, the report helps highlight such critical issues. Each country's story is unique, and each brings out different aspects of a complex mix of opportunities and obstacles.

South Africa: Africa's largest economy by far weathered the global slowdown better than other emerging market economies, from Asia to Latin America. It borrowed little from abroad, enforced financial sector regulation and boosted exports. But so far, annual growth rates have not been high enough to stem high unemployment. Nevertheless, social spending has increased, especially in education and health, which will strengthen human capital and help sustain growth in the long run.

Zimbabwe: In stark contrast, neighbouring Zimbabwe is doing badly. Its economy contracted by 7.3 per cent in 2001 and is expected to shrink by another 5 per cent this year. About three-quarters of the population is living in poverty. Although poor weather hurt agricultural output, so did the land invasions encouraged by the government. Poor governance and "runaway fiscal spending" also have eroded economic performance, reports ECA. "Zimbabwe faces a crisis of governance that has effectively put a stop to economic progress."

Ethiopia: Since 1992, Ethiopia has had average annual growth rates of 6 per cent, among the highest in Africa. The ECA report attributes this to peace, favourable weather and wide-ranging economic reforms. The national poverty rate has dropped, and child mortality and malnutrition rates have improved.

Kenya: Next door, Kenya realized only 1.8 per cent growth in 2001, continuing a downward slide since the mid-1990s. "For Kenya, the main impediment to development is poor economic governance," says ECA. "Weak infrastructure, widespread corruption, escalating insecurity, poorly managed public resources, and the public sector's inability to deliver services efficiently have undermined development."

Guinea: This small West African country has been making "tremendous progress" in moving from a command to a market economy, ECA reports. However, reform "has been a difficult road," yielding uneven results. The ECA predicts that an end to cross-border conflicts (as a result of wars in neighbouring Liberia and Sierra Leone) should enable Guinea to increase its regional trade.

Nigeria: The giant of West Africa, following the restoration of democracy, achieved growth rates of 3.8 and 4 per cent in 2000 and 2001, respectively. Yet this was too low to significantly increase per capita income, and many Nigerians are still awaiting their "democracy dividend." To fulfil Nigeria's enormous potential, ECA stresses the need to halt the "substantial leakage of public revenue" resulting from mismanagement, political patronage and corruption. Nigeria also should lessen its dependence on oil by investing in economic diversification and human capital development.

Morocco: This North African country achieved an impressive growth rate of 6.5 per cent in 2001, largely thanks to agriculture. Realizing that Morocco's heavy reliance on agriculture makes it vulnerable to weather conditions, the government is seeking to diversify the economy through greater integration into global markets and policies to attract foreign investment.

AFRICA AGENDA

28-29 September 2002, Washington, DC (USA) — Annual Joint Meetings of the IMF and World Bank. See website <www.imf.org/external/am/index.htm>.

3-4 October 2002, Madrid (Spain) — 3rd World Conference of Rural Women, organized by the Institute for Women and co-financed by the European Social Fund. Tel (34-91) 445-3086, e-mail <cmmujer@presencia-inter.com>.

3-6 October 2002, Guadalajara (Mexico) — 9th International Forum on Women's Rights and Development: Re-inventing Globalization. E-mail <forum@awid.org>, website <www.awid.org>.

8-11 October 2002, Montreux (Switzerland) — World Summit on Internet and Multimedia. Tel (41-21) 925-8030, fax (41-21) 925-8035, e-mail <info@internetworldsummit.org>, website <www.internetworldsummit.org >.

16-17 October 2002, Washington, DC (USA) — A Humanitarian and Development Crisis: Addressing the Challenges for PVOs and NGOS, sponsored by some 20 organizations working in collaboration with the USAID Team for Multisectoral Approaches to HIV/AIDS. Website <http://sara.aed.org/pvo-aids/>.

27-31 October 2002, New Orleans (USA) — First International Congress on Child Migration. Website <www.nottscc.gov.uk/child_migrants/congress/index.htm>.

7-9 November 2002, Montclair, New Jersey (USA) — Internalist vs. Externalist Interpretations of African History and Culture. Contact Sally Garson, tel (973) 655-7516, e-mail <garsons@mail.montclair.edu>.

10-13 November 2002, New York (USA) — The Microcredit Summit +5, to review progress toward the goal of reaching 100 million of the world's poorest families, especially women, with credit. Website <www.microcreditsummit.org/plus5>.

17-22 November 2002, Arusha (Tanzania) — 3rd Pan-African Conference on Malaria will focus on scientific progress and potential in malaria research. Tel (202) 331-2000, fax (202) 331-0111, e-mail <malariaconference@courtesyassoc.com>

21-22 November 2002, Timisoara, (Romania) — International Conference on Preventing Hydrological Disasters. Contact Gheorghe Cretu, tel/fax (49-56) 221481, e.mail <ger@mail.dnttm.ro>, website <www.utt.ro/pfhd>.

1-3 December 2002, Kathmandu, (Nepal) — International Conference on Information Technology, Communications Development. Contact Dr. Alfred Diebold, e-mail <alfred.diebold@fesnepal.org>.

5-8 December 2002, Washington, DC (USA) — African Studies Association, 45th Annual Meeting. Tel (732) 932-8173, e-mail <ldjones@rci.rutgers.edu>.

6-7 December 2002, Berlin (Germany) — Conference on the Human Dimensions of Global Environmental Change. Contact Frank Biermann, Potsdam Institute, e-mail <biermann@pik-potsdam.de>, website <www.environmental-policy.de>.

8-12 December 2002, Kampala (Uganda) — 10th General Assembly of the Council for the Development of Social Science Research in Africa (CODESRIA), on the theme "Africa in the New Millennium." Fax (221) 824-5795, e-mail <general.assembly@codesria.sn >.

WHAT HAS TAKEN PLACE

26-28 June 2002, Geneva (Switzerland) — Diversification of Production and Exports in Commodity-Dependent Developing Countries, an UNCTAD expert meeting. Tel (41-22) 917-5790, e-mail <mehmet.arda@unctad.org>.

1-4 September 2002, Johannesburg (South Africa) — African Conference on Social Aspects of HIV/AIDS Research. Contact Dr. Steven Chandiwana, e-mail <chandiwana@blair.co.zw>.

7-11 September 2002, Alexandria (Egypt) — Youth Employment Summit. Website <www.youthemploymentsummit.org>.

AFRICA BOOKS

A New Dawn: A Collection of Speeches of President Olusegun Obasanjo, ed. Ad'Obe Obe (Spectrum Books, Nigeria, 2002; 328 pp; £16.95; $27.95)

Democracy in Zimbabwe from Liberation to Liberalization by Alfred G. Nhema (University of Zimbabwe Publications, Harare, 2002; 214 pp; £14.95; $24.95)

Le Sénegal en quête d'une croissance durable eds. Abdoulaye Diagne, Gaye Daffé (Karthala, Paris, 2002; 278 pp; €24)

Protect or Plunder? Understanding Intellectual Property Rights by Vandana Shiva (Zed Books, London, UK, 2001; 144 pp; pb $17.50)

Democratizing the Global Economy, ed. Kevin Danaher (Common Courage Press, Monroe, ME, US, 2001; 200 pp; pb $11.96)

Globalization and Its Discontents by Joseph E. Stiglitz (Norton Publishing, NY, US, 2002; 192 pp; hb $24.95)

Economic Change, Governance & Natural Resource Wealth: The Political Economy of Change in Southern Africa by David Reed (Stylus Publishing, Sterling, VA, US, 2001; 168 pp; hb $59.95; pb $25)

Give & Take: What's the Matter with Foreign Aid? by David Sogge (Zed Books London, UK, 2002; 236 pp; hb $55; pb $17.50)

Crime and Policing in Post-Apartheid South-Africa: Transforming Under Fire by Mark Shaw (Indiana University Press, Bloomington, IN, US, 2002; 188 pp; hb $49.95; pb $22.95)

The Congo from Leopold to Kabila: A People's History by Georges Nzongola-Ntalaja (Zed Books, London, UK, 2002; 320 pp; hb $69.95; pb $25)

Le commerce frontalier en Afrique centrale by Karine Bennafla (Karthala, Paris, 2002; 368 pp; €25)

African Renaissance: Roadmaps to the Challenge of Globalization by Fantu Cheru (Zed Books, London, UK, 2002; 304 pp; hb $69.95; pb $25)

Capacity for Development: New Solutions for Old Problems, eds. Sakiko Fukuda-Parr, Carlos Lopes, Khalid Malik (Earthscan Publications, London and Sterling, VA, US, 2002; 284 pp; pb £17.95; hb £48)

Cultural Transformation and Human Rights in Africa, ed. Abdullahi A. An-Na'im (Zed Books, London, UK, 2002; 288 pp; hb $69.95; pb $27.50)

Truth and Reconciliation in South Africa: Miracle or Model? by Lyn S. Graybill (Lynne Rienner Publishers, Boulder, CO, US, 2002; 230 pp; hb $49.95; pb $19.95)

Building Peace in West Africa: Liberia, Sierra Leone, and Guinea Bissau by Adekeye Adebajo (Lynne Rienner Publishers, Boulder, CO, US, 2002; 150 pp; pb $12.95)

Corruption in Nigeria: The Niger Delta Experience by Christian Akani (Fourth Dimension Publications, Nigeria, 2002; 112 pp; £12.95; $20.95)

Development, Trade, and the WTO: A Handbook, eds. Bernard M. Hoekman, Philip English, Aaditya Mattoo (World Bank, Washington DC, US, 2002; 672 pp; $45)

L'économie camerounaise. Un espoir évanoui by J.J. Aerts, D. Cogneau, J. Herrera, G. De Monchy, F. Roubaud (Karthala, Paris, 2000; 288 pp; €21.34)

International Public Goods, eds. Ashoka Mody, Marco Ferroni (World Bank, Washington DC, US, 2002; 208 pp; $40)

Regional Integration in Africa (OECD Publications, Washington DC, US, 2002; 215 pp; $31)

State Legitimacy and Development in Africa by Pierre Englebert (Lynne Rienner Publishers, Boulder, CO, US, 2000; 244 pp; hb $55; pb $19.95)

Blood Diamonds: Tracing The Deadly Path of The World's Most Precious Stones by Greg Campbell (Westview Press, Boulder, CO, US, 2002; 280 pp; hb $26)

Revolution In Zanzibar: An American's Cold War Tale by Donald Petterson (Westview Press, Boulder, CO, US, 2002; 304 pp; hb $28)

African History and Politics: Ideological and Military Incursions, 1900-Present by A.B. Assensoh, Yvette M. Alex-Assensoh (Palgrave Macmillan Publishers Ltd, Houndmills, England, 2002; 256 pp; hb £35)

Negotiating Development: African Farmers and Colonial Experts at the Office du Niger, 1920-1960 by Monica M. Van Beusekom (Heinemann, Portsmouth, NH, US, 2002; hb $65; pb $24)

A History of Postcolonial Lusophone Africa by Patrick Chabal (Indiana University Press, Bloomington, IN, US, 2002; 360 pp; hb $49.95; pb $22.95)

AFRICA IN BRIEF

Poverty 'stalls' further spread of democracy

The rapid expansion of democracy in sub-Saharan Africa since 1990 has been accompanied by widening and deepening poverty — producing a "stall" in the further spread of democracy, and, in a few cases, a return to dictatorship and internal conflict. Those findings, contained in the UN Development Programme (UNDP) *Human Development Report 2002*, point to a simple conclusion, said UNDP Administrator Mark Malloch Brown. "To promote human development successfully we need to put the politics back into poverty eradication.... Unless governments can demonstrate to their citizens that they are taking successful action on bread and butter issues ... the dramatic expansion of democracy risks going in reverse." By the end of 1999, 29 sub-Saharan African countries, including 77 per cent of the region's population, had established multi-party democracies.

UN/ P. Sudhakaran

Elections have spread in Africa, but democracy remains weak.

But the spread of democracy has not brought the anticipated boost to development. Of those sub-Saharan countries with sufficient data, 23 are not on track to achieve the internationally agreed Millennium Development Goals for sharply reduced poverty, illiteracy and infant mortality rates by 2015, UNDP reports.

The problem is not that democracy is unrelated to development, Mr. Malloch Brown said, but that democratic institutions in many developing countries are too weak. "In too many countries, governments act as if democracy stops when the polling booths close. What is now urgently needed is a second wave of democratization ... deepening the practice of democratic government." ■

Congo: New hope for peace?

Recent African diplomatic initiatives have fanned cautious hopes for the end of the devastating four-year conflict in the Democratic Republic of Congo (DRC). On 30 July Rwandan President Paul Kagame and DRC President Joseph Kabila initialled a South African-sponsored accord requiring the DRC to disarm thousands of Rwandan Hutu militiamen operating in eastern Congo since their participation in the genocidal massacre of as many as 1 million people in Rwanda in 1994. In return, the Rwandan government agreed to withdraw its troops from DRC soil.

Two weeks later, representatives of the DRC and Uganda agreed to the final withdrawal of Ugandan forces from north-western Congo and the normalization of relations between the two countries. The pact was initiated by Angola and signed in Luanda on 15 August. The Ugandan withdrawal will be monitored by Angolan troops deployed in the DRC at the invitation of Mr. Kabila's government. Uganda, Rwanda and their Congolese allies have fought against the government, which has been supported by Angolan, Zimbabwean and Namibian forces. Namibian troops have already withdrawn from the DRC, and Zimbabwe Defence Minister Sidney Sekeramayi announced on 5 August that Harare would soon follow suit.

The 30 July agreement was welcomed by the UN Security Council, which pledged to support its implementation within the mandate of the UN peacekeeping mission in the DRC. The accords received a sceptical response from many analysts and observers, however. They note that the opposing governments have made and broken many past peace agreements and may not be able to impose a settlement on their Congolese allies — even if the political will now exists. ■

Public services not under threat, says WTO

Outgoing World Trade Organization Director-General Mike Moore has reassured developing countries that public services will not be targeted for privatization during the current phase of negotiations to liberalize trade in services. Developed nations "can and will ask for the moon," said Mr. Moore, who left office at the end of August. "That doesn't mean they'll get it. Governments cannot be forced to undertake opening of their public sectors."

Developing countries fear that multinational corporations would target such vital public services as education, health and water distribution (see *Africa Recovery*, April 2002).

In July, WTO members negotiating the General Agreement on Trade in Services (GATS) began making "requests" for market access. Mr. Moore emphasized that such requests did not constitute binding agreements.

GATS already exempts public services from liberalization if they are not supplied on a commercial basis, but confusion remains on the extent of such exemption. Critics argue that developed countries could pressure weaker nations to liberalize. But Chile's WTO ambassador, Mr. Alejandro Jara, noted that each negotiating government "has the unequivocal right to choose which services it wishes to open up ... and under what conditions." ■

WHO urges monitoring of traditional medicine

The World Health Organization (WHO) is calling on developing countries to better monitor and regulate traditional medicine. About 80 per cent of all Africans rely to some extent on traditional, village-based practitioners and remedies, since manufactured medicines or regular health care services are often unavailable or too expensive. Although developing nations rely extensively on traditional medicine — and herbal remedies are becoming increasingly popular in some developed countries — the sector is poorly regulated, if at all.

The WHO's "Strategy for Traditional Medicine," released early this year, urges countries to adopt legislation and develop regulations for traditional medicine, to help provide safer and more effective care. The agency commends Nigeria, Ghana, Lesotho and other African countries that have developed health care training programmes for traditional birth attendants. ■

AFRICA WATCH

ENVIRONMENT

African water fund proposed

With 60 per cent of sub-Saharan Africa's 680 million people lacking access to safe water, it is vital to increase investment in water development and management, argues a UN report prepared for the World Summit on Sustainable Development in Johannesburg, South Africa. Directed by the Netherlands' Prince Willem-Alexander of Orange, at the request of UN Secretary-General Kofi Annan, the report, "No Water, No Future," specifically calls for the creation of a new African Water Facility. It would provide some of the start-up financing for improved water investment and management in the region, within the framework of the continent's New Partnership for Africa's Development (NEPAD).

The report notes that people in the world's 40 poorest countries — more than half of which are in Africa — must try to meet their water and sanitation needs on an average of 30 litres or less per day, far below the 50 litres considered to be the absolute minimum for well-being. Even worse, people in nine African countries (Ethiopia, Eritrea, Djibouti, Gambia, Somalia, Mali, Mozambique, Tanzania and Uganda) currently live on less than 10 litres per day. The report urges a more comprehensive approach to water management, encompassing not just access to potable water and sanitation, but also water for crops, livestock and fisheries.

While some countries and populations suffer from water scarcity, the main problem is a "crisis of governance," says Prince Willem-Alexander. The report emphasizes the need for better coordination among countries sharing common river basins. It cites as a positive example the Nile Basin Initiative, launched in 1999 to coordinate policies among the 10 countries sharing the Nile's waters. By 2015, the report recommends, the countries of Africa's other major international river basins should develop similar plans for water resource allocation and investment. ■

APPOINTMENTS

*Secretary-General Kofi Annan has appointed **Mr. Sergio Vieira de Mello** as the UN's new high commissioner for human rights. He succeeds Ms. Mary Robinson, a former president of Ireland who will leave the Geneva-based office in September, after five years. Until May of this year, Mr. Vieira de Mello was the UN Transitional Administrator in East Timor. With most of his 33-year career spent working in the Office of the UN High Commissioner for Refugees, he has served the UN in various other capacities including as under-secretary-general for humanitarian affairs and emergency relief coordinator.*

***Mr. Supachai Panitchpakdi** is the new director-general of the World Trade Organization, starting in September. He will be the organization's first leader from the developing world. A well-regarded economist, Mr. Supachai has held various posts in Thailand, including as deputy premier and trade minister. He headed Thailand's delegation at the end of the seven-year Uruguay Round of trade talks.*

*Mr. Annan has appointed several new special representatives. **Mr. Ibrahima Fall** (left), a former assistant secretary-general for political affairs, is the new special representative for Africa's Great Lakes Region. Mr. Berhanu Dinka, a former special representative and regional humanitarian adviser for the Great Lakes Region, has been appointed as special representative for Burundi. Mr. Ahmedou Ould-Abdallah, a former UN official who has been executive secretary of the Washington-headquartered Global Coalition for Africa, is the Secretary-General's new special representative for West Africa.*

PEACEKEEPING

UN vows to stop sexual exploitation

The head of UN peacekeeping operations, Under-Secretary-General Jean-Marie Guéhenno, has announced that the UN will not tolerate sexual exploitation and trafficking of women and girls by its officers. Addressing a special session of the Security Council in July, he urged countries that contribute soldiers and policemen to UN peacekeeping missions to "take appropriate disciplinary and, if needed, criminal action against their nationals who commit such acts."

His comments come at a time when the UN has been investigating allegations of sexual exploitation of refugee girls by aid workers and peacekeepers in Guinea, Liberia and Sierra Leone. The charges were made in a report released early this year by the UN High Commission for Refugees (UNHCR) and the non-governmental Save the Children (UK).

According to the claims, some of which were contested in subsequent press reports, employees of at least 40 aid organizations and UN agencies denied assistance to refugees, mainly girls between the ages of 13 and 18, unless they submitted to sex. UN Secretary-General Kofi Annan sent a team of investigators to West Africa to examine the charges, and the team is expected to present its findings to the General Assembly.

The sheer number of complaints confirms that a "serious problem of sexual exploitation exists" in the three countries, noted the UNHCR/Save the Children report. It noted that the abuse involved "those who are engaged to protect the very children they are exploiting." The UNHCR already has responded by increasing security and international personnel in refugee camps, deploying more female staff and establishing new reporting procedures. ■

ZIMBABWE

Annan urges orderly land reform

Adding his voice to the raging controversy over land reform in Zimbabwe, UN Secretary-General Kofi Annan has called for a phased, orderly programme. As Southern Africa faces the risk of famine, "a successful, sustainable land reform programme that will benefit all the people of Zimbabwe, especially the landless poor, is more important than ever," Mr. Annan said.

The Secretary-General spoke as he toured drought-stricken Southern Africa in August. In Zimbabwe, 6 million people, about half the population, need food aid. Poor rains are largely to blame, but domestic and external critics of President Robert Mugabe's government also say its programme to seize white-owned commercial farms without compensation and redistribute them to landless blacks has disrupted production.

Mr. Annan noted that there would be no lasting solution to the problems in Zimbabwe unless land reform is "run according to the law, allows for proper training and adequate support to new small farmers, and compensation to displaced farm workers and commercial farmers." ■